Province of
British Columbia

Ministry of
Finance

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August 1985

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August 1985

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Province of British Columbia
Ministry of Finance

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Minister

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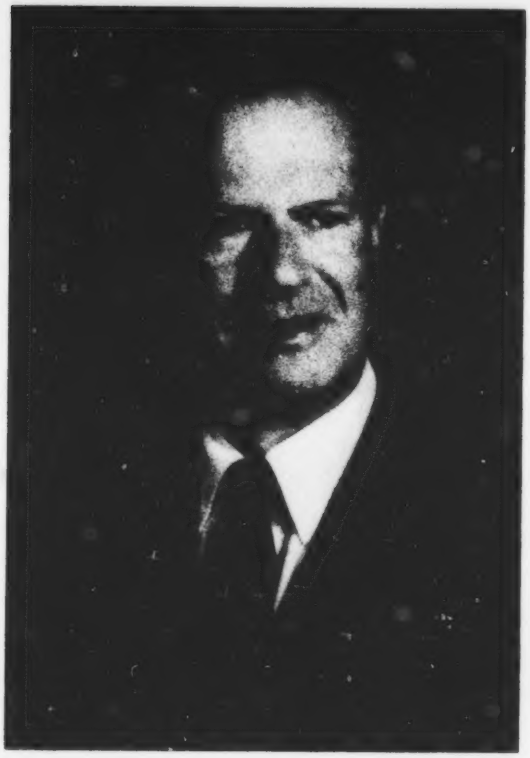

MESSAGE FROM THE MINISTER

I take pleasure in releasing the forty-fifth edition of the British Columbia *Financial and Economic Review*, a reference document of proven value on the province's finances and economy.

The *Review* presents comprehensive information on the provincial economy and the activities of the provincial government as well as a record of the finances and activities of British Columbia's Crown corporations, enterprises and agencies. In this way, it serves not only as a document of record but also as a tool for maintaining the financial accountability of the provincial government.

HUGH A. CURTIS
Minister of Finance

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1. Economic Review

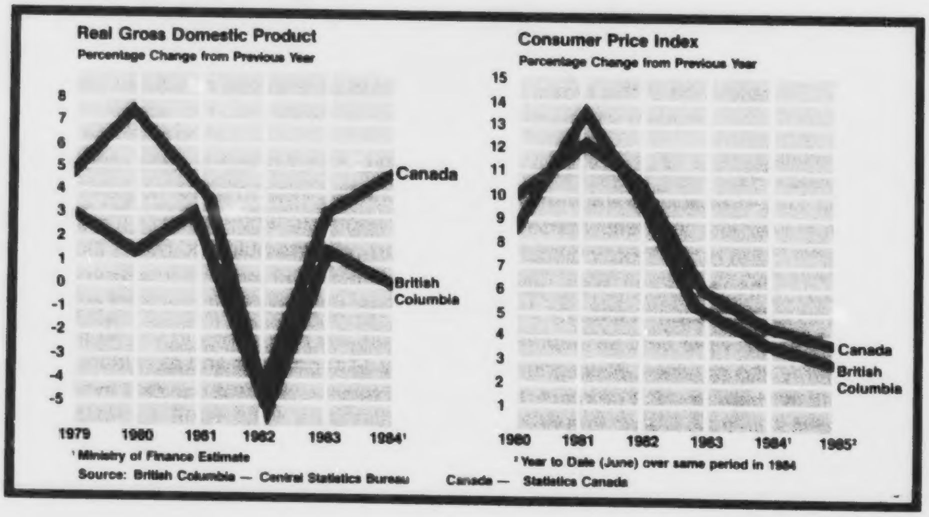
Overview

The value of British Columbia's exports grew strongly in 1984, but weakness in capital investment resulted in slow growth of total economic activity. The value of exports to the province's major trading partners, the United States and Japan, increased significantly due mainly to increased volumes. The continuation of excess worldwide production capacity and strong foreign competition prevented most commodity prices from rising significantly, in contrast to the rapid increase in prices that has characterized previous economic recoveries.

Real gross domestic product, the value of all goods and services produced in British Columbia, is estimated to have increased 0.5 per cent in 1984 following growth of 1.6 per cent in 1983 (*see* Chart 1.1). In the United States real gross national product grew 6.8 per cent and Canadian real gross national product expanded by 5.0 per cent. The rapid growth in the United States economy, particularly in the automotive sector, was largely responsible for the strong performance of the Canadian economy in 1984.

The British Columbia economy was adversely affected in the first quarter of 1984 by a 10-week shutdown in the pulp and paper industry, which disrupted production and employment in a number of sectors and industries. The economy strengthened in the second half of the year, led by strong export demand for pulp and paper products, which recorded an increase of 19.0 per cent for the year. Exports of lumber increased only 1.4 per cent. Metallic mineral markets remained weak but coal shipments from new mines in the north east region of the province caused a major increase in mineral exports during 1984.

Chart 1.1 Principal Economic Indicators



[1] Ministry of Finance Estimate

[2] Year to Date (June) over same period in 1984

Source: British Columbia — Central Statistics Bureau Canada — Statistics Canada

Capital investment declined 7.3 per cent in 1984, led by reductions in capital spending for the mining industry, utilities and residential housing. These declines reflected the completion of major investments, such as the north east coal mines and the Revelstoke hydroelectric project, and excess capacity in most sectors of the economy. The weakness in capital investment was reflected in a decline in output of the construction industry.

The slow growth of the economy in 1984 is shown by a number of economic indicators. Personal income is estimated to have grown 2.5 per cent, while wages and salaries increased only 1.2 per cent. Employment rose 0.4 per cent and the average unemployment rate for the year was 14.7 per cent. However, the increased pace of economic growth in the second half of the year was reflected in a gain in employment of 30,000 jobs (2.5 per cent) from May to December. For detailed statistical indicators of economic activity in the province see Appendix 1.

The long-term trend toward faster growth in the service sector than in the goods-producing sector in British Columbia continued during 1984. The Ministry of Finance estimates that there was no growth in output of the goods-producing sector of the economy (which includes agriculture, forestry, fishing, trapping, mining, construction, utilities and manufacturing) in 1984. The main sources of British Columbia economic growth during the year were in the service sector, particularly wholesale and retail trade and the transportation, storage and communications industries. However, reflecting recent economic trends in general, even the service industries appear to have experienced relatively slow growth in 1984.

The divergence in the performance of the goods and service sectors of the economy is also shown by employment data for recent years. By 1984 average employment in the goods-producing sector of the economy had declined 17 per cent from the pre-recession peak year of 1981, reflecting excess capacity in manufacturing and the elimination of jobs through gains in productivity. In the same period, employment in the service sector declined 0.6 per cent (*see* topic box entitled Economic Diversification in British Columbia).

The rate of inflation declined during 1984. The increase of 4.0 per cent in the Vancouver Consumer Price Index was the lowest rate recorded in the 14 years of existence of this index, and compared to an increase of 5.5 per cent in 1983.

Exports

Exports rose from $9.9 billion in 1983 to $11.7 billion in 1984, an increase of 17.5 per cent. This major increase was achieved in spite of the negative effects on export competitiveness of the high foreign exchange value of the Canadian dollar, and of the labour dispute in the export-oriented pulp and paper industry early in the year. Coal, pulp, newsprint and aluminum shipments accounted for most of the growth in exports. Pulp exports rose 23.5 per cent and coal exports increased 87.1 per cent as shipments began from the new mines in the north east region of the province. Newsprint exports grew 11.0 per cent and aluminum shipments were up 28.8 per cent. Lumber exports grew only 1.4 per cent in 1984 following an increase of 42.6 per cent in 1983.

Economic Diversification in British Columbia

The economic conditions of the past five years have drawn attention to the structural changes occurring in the British Columbia economy and the importance of continuing the adaptation of the export sector to the competitive conditions of world markets. Diversification of the provincial economy is an ongoing process which is being achieved through the development of new products and services and through expanding export markets for British Columbia products.

Service sector growth

A substantial change is underway in the economy, with the service sector accounting for an increasing proportion of total provincial output and employment.

	1975	1981	1983	1984
Provincial Output	%	%	%	
Goods	35.3	37.1	32.9	n.a.
Services	64.7	62.9	67.1	n.a.
Employment				
Goods	30.1	29.8	26.6	26.3
Services	69.9	70.2	73.4	73.7

By 1983, the service sector provided 67.1 per cent of total provincial output and 73.4 per cent of total provincial employment, up from 64.7 per cent and 69.9 per cent respectively, in 1975. Most of the new jobs created in the service sector in recent years have come from two industries: finance, insurance and real estate, and community, business and personal services, which between 1981 and 1984 have both grown in employment at an average annual rate of 1.6 per cent, to a total of 486,000 jobs. Over the same period, total employment in the province declined by an average of 1.8 per cent annually.

Export product diversification

The composition of products exported has changed over time. Lumber has decreased from a 32.6 per cent share of total exports in 1962 to a 22.9 per cent share in 1984. Coal exports, which were negligible in 1962, have increased to 13.2 per cent in 1984, making coal the third most important export product after lumber and pulp. Although four major commodities - lumber, pulp, coal and newsprint - represent more than one-half of British Columbia's total exports, various other products are becoming increasingly important (*see* Appendix Table 1.3 for details of provincial exports.)

As the diversification of the British Columbia economy continues, the natural resources sector offers potential for further growth through improvements in productivity and by increasing the value added to raw and semi-fabricated materials. Other areas with high growth potential are labour-intensive industries such as processed foods, the fashion and needle trade, and electronics. The British Columbia electronics industry in particular grew rapidly between 1982 and 1984, with annual growth of employment and total sales averaging 26.9 per cent and 37.0 per cent respectively. British Columbia electronics firms have predominantly achieved success with products for specialized niches in the world market, such as electronic equipment for railway operations, and remote sensing and meteorological data systems. Exports of miscellaneous fabricated goods have also increased greatly over the past ten years. Between 1974 and 1984, exports of machinery, for example, have grown from $63.6 million to $191.0 million. This represents real growth of approximately 3 per cent annually.

Export markets

Diversification is also occurring in the markets for the province's export sales. The dominance of the United States and EEC countries as destinations for British Columbia exports has been diminishing over time as new markets have been developed and expanded. The share of exports to the United Kingdom, which was 13.7 per cent in 1962, had dropped to 7.3 per cent in 1972 and declined to only 4.0 per cent of total British Columbia exports in 1984. The countries of the Pacific Rim, especially Japan, have become increasingly important consumers of British Columbia products; by 1984, the Pacific Rim region was the destination for approximately 36 per cent of British Columbia's exports, compared to approximately 10 per cent in 1962. The value of exports to the Pacific Rim region increased from less than $100 million in 1962 to more than $3.5 billion in 1984.

Destination of British Columbia Export Products
(Per cent of total)

	1962	1972	1982	1984
United States	64.9	58.6	45.0	47.0
European Economic Community[1]	18.0	16.0	15.4	12.4
Japan	7.2	16.9	24.0	25.0
Australia	2.7	1.8	1.9	1.8
China (PRC)	—	0.2	2.0	2.7
South Korea	—	0.4	2.0	2.8
Taiwan (ROC)	—	0.2	1.0	1.1
Other Countries[2]	7.2	5.9	8.7	7.2
Total	100.0	100.0	100.0	100.0

[1] The United Kingdom, Federal Republic of Germany, France, Italy, Netherlands, Belgium, Luxembourg, Ireland, Denmark and Greece.

[2] Includes China, South Korea and Taiwan in 1962.

Community changes

Some resource-dependent communities in the province are diversifying their local economies by developing facilities and services to attract tourists. The tourism industry is an important sector of the British Columbia economy, accounting for about 100,000 full-time jobs in 1983 or 8.4 per cent of total employment. Revenues generated by tourism in the province have grown at an average annual rate of 10.3 per cent between 1974 and 1984, reaching $2.3 billion in 1984.

The structural changes which have occurred in the province's economy indicate that British Columbia companies and workers are able to adapt to changing world markets.

Although the value of the Canadian dollar rose in relation to currencies other than the United States dollar, exports to countries outside North America grew faster than those to the United States. While British Columbia exports to the United States rose 10.5 per cent, the value of exports to Japan and Australia increased 31.7 per cent and 55.3 per cent, respectively. Exports to other markets have also been growing rapidly. Over the last decade, sales to the People's Republic of China have increased from 0.1 per cent to 2.7 per cent of total British Columbia exports.

Table 1.1

Exports of British Columbia Products to Major Countries

	Value		Change	Per Cent of Total	
	1983	1984	1983–1984	1974	1984
	($ millions)		(per cent)		
United States	4,960.6	5,483.6	10.5	46.0	47.0
Japan	2,213.6	2,914.8	31.7	25.2	25.0
United Kingdom	451.5	462.8	2.5	7.8	4.0
Other European Economic Community	870.4	977.2	12.3	10.9	8.4
China (PRC)	231.9	313.9	35.4	0.1	2.7
Australia	135.0	209.7	55.3	2.3	1.8
Other countries	1,062.0	1,297.0	22.1	7.7	11.1
Total	9,925.0	11,659.0	17.5	100.0	100.0

Consumer Expenditure

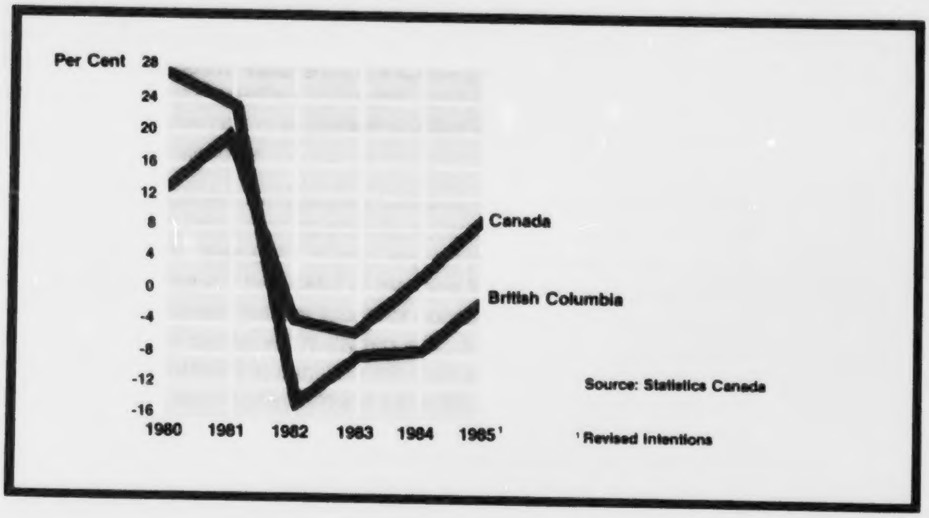
Retail sales in British Columbia increased 6.1 per cent in 1984, following growth of 4.2 per cent in 1983. This represented the first real growth (positive growth after adjustment for inflation) in retail sales since 1981. Moderate wage settlements and employment growth have combined with weak consumer confidence to limit growth in consumer spending over the last three years.

Capital Investment

As in the rest of Canada, capital investment has been the weakest component of demand in the British Columbia economy in the last three years. Total capital investment is estimated to have fallen 7.3 per cent in 1984 (*see* Chart 1.2). Total business capital expenditure declined 6.7 per cent in 1984, following declines in both 1982 and 1983. Over the last three years business capital expenditure has declined 27 per cent, following growth of 92 per cent in the 1978-81 period. The decline in capital investment is attributable to low profit levels, excess production capacity in key industries, high real interest rates and the need for improvement in corporate financial structure. However, in 1984 recent trends were reversed in the forestry and manufacturing sectors, where capital expenditure increased by 130.6 per cent and 65.1 per cent respectively, from the abnormally low levels reached in 1983. These increases represent the efforts of producers to modernize where possible in order to meet strong foreign competition.

Capital investment increased 2.1 per cent in Canada as a whole in 1984. This small increase was due mainly to a 5.8 per cent rise in business investment.

Chart 1.2 Annual Growth in Fixed Capital Investment



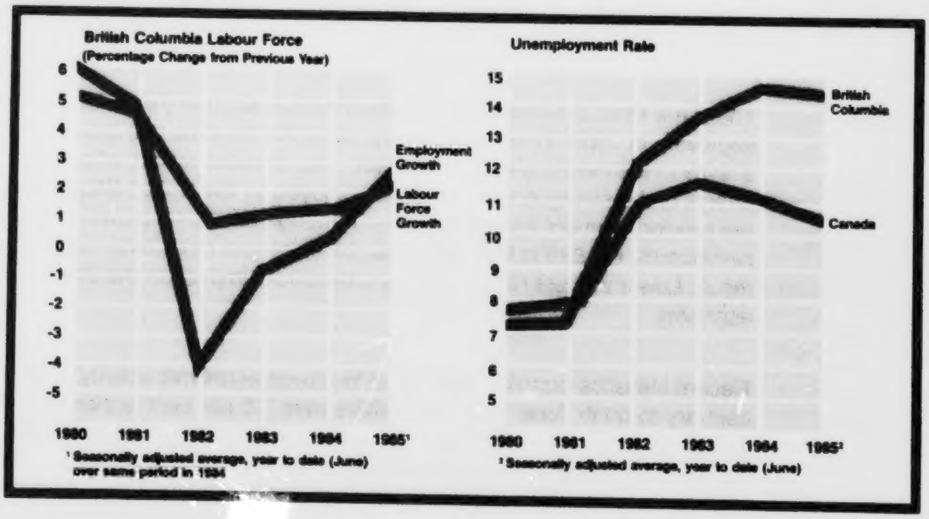
Source: Statistics Canada

[1] Revised Intentions

Labour Force and Employment

Reflecting slow growth in the economy, average employment increased by 0.4 per cent in 1984 and the average unemployment rate rose to 14.7 per cent from the 13.8 per cent level recorded in 1983 (*see* Chart 1.3). The dispute in the pulp and paper industry appears to have reduced employment in other sectors early in 1984, but thereafter employment growth resumed, so that employment was 21,000 higher in December than in January 1984.

Chart 1.3 Labour Market



[1] Seasonally adjusted average, year to date (June) over same period in 1984

[2] Seasonally adjusted average, year to date (June)

In 1984, there were 56 work stoppages in the province, down from 88 in 1983, resulting in the loss of 820,000 worker-days in 1984, an increase of 7 per cent from 1983. Although there were more work stoppages in the service sector (34) than in the goods-producing sector (22), the latter accounted for almost 60 per cent of the total worker-days lost. This was due mainly to the 10-week dispute in the pulp and paper industry early in the year.

British Columbia continued to attract people from the rest of Canada during 1983 and 1984, causing a continuation of rapid growth in the province's labour force. While employment declined 0.6 per cent in 1983 and rose 0.4 per cent in 1984, the labour force grew at 1.4 per cent in 1983 and 1.5 per cent in 1984, apparently unaffected by the abrupt change in labour market conditions in British Columbia since the 1981-82 recession. The growth in the labour force is partly attributable to the large inflow of people from the province of Alberta. This inflow continued through 1984 even though Alberta's unemployment rate remained well below that of British Columbia. In 1984, there was a net inflow of 8,156 persons to British Columbia from Alberta, exceeding the outflow from British Columbia to the rest of Canada, excluding Alberta, of 4,813 persons.

Prices and Incomes

Consumer prices, as measured by the Vancouver Consumer Price Index, rose 4.0 per cent in 1984, compared to an increase of 5.5 per cent in 1983. British Columbia's inflation rate was below the national rate for the third consecutive year, as the increase in the Canadian Consumer Price Index declined from 5.8 per cent in 1983 to 4.4 per cent in 1984.

Personal income growth was weaker last year than in 1983, increasing only 2.5 per cent as compared to 5.0 per cent in 1983. This was due mainly to weak employment growth, and low wage settlements, which averaged 2.3 per cent in 1984, compared to 4.6 per cent in 1983. This pattern of wage settlements reflects a trend which is bringing British Columbia's costs to a level more competitive with other jurisdictions.

Current Situation

There are several indications that the provincial economy's performance has been improving in 1985. In 1984, a number of labour disputes disrupted economic activity in the province early in the year and, to some extent, offset the beneficial effects of the strong economic growth enjoyed by the United States and Japan, the province's major trading partners. Although economic growth has slowed significantly in 1985 in these two countries, interest rates have declined as a result. Lower interest rates will have a beneficial impact on the British Columbia economy.

Recent statistics provide evidence of improved economic activity in 1985. From January through June 1985, retail sales were 7.0 per cent higher than during the same period a year earlier. For the January through May period in 1985, wage and salary income in the province was up by 5.8 per cent. Manufacturing shipments were 12.7 per cent higher from January to June than in the same period in 1984, due in part to recovery to normal production levels following last year's pulp and paper industry dispute. Coal production increased 20.2 per cent in the first six months of the year.

Wage settlements in British Columbia in the first half of 1985 averaged 2.0 per cent, while the inflation rate averaged 3.2 per cent on an annual basis for the same period. Employment increased 2.5 per cent during the first seven months of 1985 compared to the same period in 1984, and is now 4.4 per cent above the level reached at the low point of the 1981-82 recession. The seasonally-adjusted unemployment rate for July 1985 was 14.0 per cent compared to 14.5 per cent for July 1984.

2. Provincial Finances

Summary

The growth in provincial government revenue exceeded the growth in expenditure during the 1984/85 fiscal year. Revenue of $7,824.3 million was 6.5 per cent higher than the previous year, while expenditure of $8,796.5 million showed an increase of 5.2 per cent. Expenditure included a one-time grant of $430.0 million to the British Columbia Railway Company during 1984/85. Excluding this grant, 1984/85 expenditure was only $2.6 million higher than expenditure for the previous year.

The 1984/85 deficit of $972.2 million was $47.4 million lower than in the previous year. The government's direct financial requirements increased from $788.4 million during 1983/84 to $903.3 million during 1984/85 as a result of significantly lower receipts from working capital transactions. Financial requirements were met through $862.3 million in net direct borrowing and a decrease in the government's cash and temporary investments of $41.0 million.

Table 2.1
Combined Funds Summary of Financial Transactions

Preliminary, Unaudited	Budget 1984/85	Actual 1984/85	Actual 1983/84
		($ millions)	
Financial Requirements			
Operating Transactions:			
Revenue	7,719.0	7,824.3	7,344.3
Expenditure	8,390.0	8,796.5	8,363.9
Surplus (Deficit)	(671.0)	(972.2)	(1,019.6)
Financing and Working Capital Transactions:			
Net Receipts from (Disbursements for) Financing Transactions	20.4	35.7	(18.0)
Net Receipts from (Disbursements for) Working Capital Transactions	(99.4)	33.2	249.2
Total Direct Financial Requirements	(750.0)	(903.3)	(788.4)
Financial Sources			
Net Direct Borrowing	1,305.0	1,940.3	950.7
Less: Funds reloaned to Crown corporations	555.0	1,078.0	237.8
	750.0	862.3	712.9
Decrease in Cash and Temporary Investments	—	41.0	75.5
Total Direct Financial Sources	750.0	903.3	788.4

Accounting Policies

The financial information presented in this chapter has been extracted from the preliminary financial statements prepared by the Office of the Comptroller General (*see* Appendix 7). After the Auditor General has examined and issued her report on the full statements, they will be published as the Public Accounts of British Columbia in accordance with the provisions of the *Financial Administration Act*.

Government Accounting Policies

A full statement of the provincial government's accounting policies is contained in the Public Accounts. The most important features of the policies can be summarized as follows:

- The main reporting entity is the Consolidated Revenue Fund (Combined Funds), which combines the General Fund and Special Funds.
- All revenue and expenditure of the Consolidated Revenue Fund is recorded on an accrual basis of accounting, with certain limited exceptions.
- Assets are recorded on the government's balance sheet only to the extent that they represent financial claims by the government. Similarly, liabilities are recorded only if they represent financial claims against the government. Payments to acquire fixed assets are recorded as expenditure.

Government Accounts

The Consolidated Revenue Fund, which includes the General Fund and Special Funds, comprises all money over which the Legislature has the power of appropriation. The General Fund includes the principal operating accounts and Special Accounts of the provincial government. Special Accounts are statutory appropriations established by the Legislature to fund specific programs, which may extend over several fiscal years. Special Funds consist of certain earmarked revenues and money set aside in past years using General Fund surpluses and current revenue.

Transactions of the Consolidated Revenue Fund are classified as either operating or financing and working capital transactions. Operating transactions include direct expenditure on goods and services, transfer payments and grants, as well as revenue from taxation, royalties, fees and licences, contributions from government enterprises and payments from the federal government. The excess (shortfall) of revenue over expenditure represents the annual surplus (deficit) of the Consolidated Revenue Fund. Financing and working capital transactions represent either a source or use of funds. They do not cause a change in net equity (net deficiency) but only a change in the composition of the provincial government's assets and liabilities.

Expenditures from Special Funds are authorized by the legislation which established them and do not require annual approval of the Legislature. General Fund operating expenditure must be included in the *Estimates* and authorized under the *Supply Act* with the exception of certain statutory items. Transfers between the General Fund and Special Funds are eliminated in the combined funds tables. A reconciliation between Consolidated Revenue Fund revenue and expenditure, and those of the General and Special Funds, is shown in Appendix 7.

The net equity (net deficiency) of the provincial government is the difference between the provincial government's financial assets and its financial liabilities. The annual surplus (deficit) on transactions of the Consolidated Revenue Fund is credited to (charged against) net equity (net deficiency).

The financial interest of the government in provincial Crown corporations and enterprises is included in the provincial government's accounts only to the extent of the amounts actually invested in, or advanced to, these entities, which do not record their main financial transactions through the Consolidated Revenue Fund. Therefore, the main financial statements of the provincial government do not reflect the earnings or deficits of provincial Crown corporations and enterprises, except for those whose primary function is to raise revenue for the provincial government.

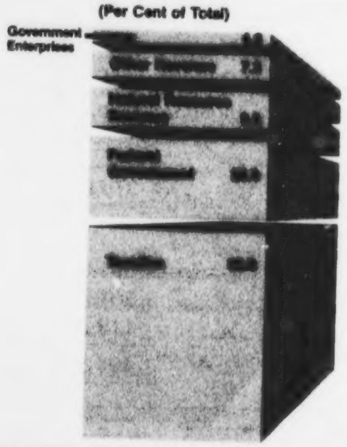
Revenue

For the fiscal year 1984/85, operating revenue was $7,824.3 million or $105.3 million (1.4 per cent) above the original budget estimate (*see* Table 2.2 and Chart 2.1).

Taxation revenue of $4,368.2 million was $315.8 million below budget but 7.5 per cent higher than during 1983/84. Personal and corporation income taxes are collected for the provincial government by the federal government and revenue is paid to the provincial government on the basis of federal estimates. Personal income tax revenue was $294.7 million below budget during 1984/85 as a result of greater than expected negative adjustments for prior years and lower than expected collections for the 1984 taxation year. Corporation income tax revenue was $16.8 million below budget as a result of lower than expected collections for the 1984 taxation year. Although social service tax revenue was 11.4 per cent higher than the previous year, lower than expected consumer spending and business investment resulted in revenue from this source being $32.3 million below budget. Fuel tax revenue was $26.3 million above budget primarily as a result of higher than expected fuel prices.

Natural resource revenue of $726.5 million was $47.5 million above the original budget estimate and 7.0 per cent higher than for the previous year. Petroleum and natural gas revenue was $64.9 million above budget as a result of higher than expected domestic natural gas sales, increased domestic prices for natural gas and higher than anticipated revenue from bonus bids for oil and gas drilling rights to Crown land. Mineral revenue of $55.7 million was $13.7 million above budget and 76.3 per cent higher than revenue for the previous year, due primarily to increased coal royalties associated with coal production from the northeast coal mines. Forest revenue of $131.4 million was $31.6 million below budget and up only slightly from the previous year, as a result of continuing weakness in forest product prices.

Chart 2.1 Combined Funds Revenue by Source



Total revenue for 1984/85 was $7,824.3 million, an increase of 6.5 per cent from 1983/84. Taxation revenue increased by 7.5 per cent and natural resource revenue increased by 7.0 per cent. Contributions from the federal government increased by only 1.4 per cent.

Other revenue of $572.1 million was $77.1 million above budget. This was primarily the result of higher than expected income from investments ($44.2 million above budget) and sales and services revenue ($19.2 million above budget).

Income of the Liquor Distribution Branch of $354.6 million was $15.4 million below budget and up only slightly from 1983/84.

Table 2.2

Combined Funds Revenue by Source

	Budget 1984/85	Actual 1984/85	Actual 1983/84
		($ millions)	
Taxation Revenue:			
Personal income	2,148.0	1,853.3	1,818.8
Corporation income	383.0	366.2	309.5
Social service	1,371.0	1,338.7	1,201.3
Fuel	442.0	468.3	421.1
Other	340.0	341.7	312.8
	4,684.0	4,368.2	4,063.5
Natural Resource Revenue:			
Petroleum and natural gas	273.0	337.9	333.3
Minerals	42.0	55.7	31.6
Forests	163.0	131.4	130.9
Water	189.0	190.8	172.0
Other	12.0	10.7	10.9
	679.0	726.5	678.7
Other Revenue:			
Sales and services	186.0	205.2	183.7
Licences and permits	170.0	174.8	83.5
Income from investments	70.0	114.2	77.1
Miscellaneous	69.0	77.9	79.3
	495.0	572.1	423.6
Contributions from Government Enterprises:			
Liquor Distribution Branch	370.0	354.6	351.5
British Columbia Buildings Corporation	—	4.4	—
	370.0	359.0	351.5
Contributions from Federal Government:			
Established Programs Financing	871.0	1,050.5	928.5
Canada Assistance Plan	501.0	579.2	543.7
Other	119.0	158.0	300.5
	1,491.0	1,788.7	1,772.7
Non-recurring Revenue	—	1.8	54.3
Total Operating Revenue	7,719.0	[illegible]	7,344.3

Contributions from the federal government of $1,796.7 million were $305.7 million above budget, but only 1.4 per cent higher than the previous year. Established Programs Financing revenue was $188.5 million above budget, due to higher than expected prior year adjustment payments and higher than expected 1984/85 cash entitlements resulting from the lower value of personal income tax points used in determining the federal cash transfer under the program. Canada Assistance Plan revenue was $78.2 million above budget, due to higher than expected provincial government expenditure on cost-shared income assistance programs. Other federal contributions were $39.0 million above budget, primarily as a result of $35 million in revenue under the fiscal stabilization program in respect of 1982/83, which was in addition to the amount of $139 million reported in the previous year.

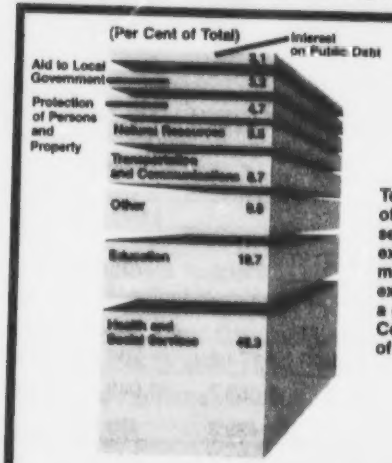
Expenditure

Operating expenditure during 1984/85 was $8,796.5 million, or $406.5 million (4.8 per cent) above the original budget estimate (*see* Table 2.3 and Chart 2.2). The main reasons for higher expenditure than originally anticipated in the budget were increased expenditure for income assistance and the accelerated construction of the Coquihalla highway and other highway projects.

Ministry of Health expenditure of $2,557.6 million was $18.5 million above budget and 3.6 per cent higher than expenditure during the previous year. Higher than budgeted expenditure for the Medical Services Commission ($23 million above budget) was partially offset by other savings throughout the ministry.

Expenditure of the Ministry of Human Resources was $1,414.6 million during 1984/85, $133.2 million above the budget estimate. Increased expenditure for income assistance was the cause of this variance. Expenditure was up 7.6 per cent from 1983/84.

Chart 2.2 Combined Funds Expenditure by Function



Total expenditure for 1984/85 was $8,796.5 million, an increase of 5.2 per cent from 1983/84. Expenditure on health and social services totalled $3,987.2 million or 45.3 per cent of total expenditure. Education expenditure for 1984/85 was $1,728.6 million which was 19.7 per cent of the total government expenditure. Other expenditure of $860.2 million includes a grant of $430 million which was made to the British Columbia Railway Company to retire the historic debt of the company

Special Funds

Special Funds consist of certain earmarked revenue and various funds set aside in past years using General Fund surpluses. Expenditures from Special Funds are authorized by the legislation which established them and annual approval of the Legislature is not required. There are nine Special Funds as outlined in the following table.

Special Fund Transactions

	Balance April 1, 1984	Revenue 1984/85	Expenditure 1984/85	Balance March 31, 1985
	($ millions)			
The *British Columbia Cultural Fund* (1967) receives interest revenue from a capital endowment of $20 million and has paid a total of $31.8 million since its inception toward the encouragement of community cultural activities	20.5	1.6	1.5	20.6
The *First Citizens' Fund* (1968) receives interest revenue from a capital endowment of $25 million and has contributed a total of $31.1 million since its inception toward the cultural, educational and economic advancement of British Columbia Native Indians	26.3	1.9	1.7	26.5
The *Physical Fitness and Amateur Sports Fund* (1968) receives interest revenue from a capital endowment of $20 million and has disbursed a total of $29.4 million since its inception to amateur sport and activity groups	20.7	1.6	1.7	20.6
The *Farm Income Assurance Fund* has allocated $386 million since the 1973/74 fiscal year to provide a guaranteed annual income to agricultural producers. Producers' premiums over the same period have totalled $182.6 million	3.4	59.7	53.6	9.5
The *Habitat Conservation Fund* (1981) was created under the *Wildlife Act* to enhance fish and wildlife and their habitat. Revenue is raised through a surcharge on fishing and hunting licences	1.1	1.6	1.3	1.4
The *Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund* makes loans for new industrial development from principal and interest payments on existing loans	25.9	3.1	1.5	27.5
The *Lottery Fund* (1974) receives revenue from the sale of lottery tickets in British Columbia. During 1984/85, expenditures were made on cultural programs, sports and recreation programs, health care research and Expo 86	29.4	84.5	52.2	61.7
The *Resource Revenue Stabilization Fund* was established in 1982. All non-earmarked natural resource revenue is paid into this fund. During 1984/85, $430 million was used to retire the debt of the B.C. Railway Company. The remainder, $295.1 million, was transferred to the General Fund	—	725.1	725.1	—
The *Revenue Sharing Fund*, established in 1977, allocates a specific share of provincial revenue for the payment of grants to municipalities (*see* Appendix 3)	30.1	174.6	204.7	—
Total Special Funds	157.4	1,053.7	1,043.3	167.8
Less Transfers between the General Fund and Special Funds[1]	—	499.3	499.3	—
Net Special Funds	157.4	554.4	544.0	167.8

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[1] During 1984/85, a total of $499.3 million was transferred between the General Fund and Special Funds as follows: the Resource Revenue Stabilization Fund transferred $295.1 million to the General Fund; the Ministry of Agriculture and Food transferred $29.6 million to the Farm Income Assurance Fund and the Ministry of Municipal Affairs transferred $174.6 million to the Revenue Sharing Fund.

Ministry of Education expenditure of $1,397.6 million was $41.7 million above the budget estimate and up slightly from expenditure of the previous year. Grants to school districts were $23 million higher than budgeted in 1984/85 due to a change in the school fiscal year. This variance will be offset by lower expenditure in 1985/86. Lower than expected recoveries from the non-residential property tax levy ($8 million under budget) and higher than expected expenditure for home owner grants ($7 million over budget) were the other causes of over-expenditure for the ministry.

Table 2.3
Combined Funds Expenditure by Ministry

	Budget 1984/85	Actual 1984/85	Actual 1983/84[2]
	($ millions)		
Legislation	7.6	7.8	8.0
Auditor General	3.5	3.5	3.5
Ombudsman	1.9	2.0	1.8
Premier's Office	0.7	0.7	0.7
Agriculture and Food	107.3	96.4	108.1
Attorney General	344.2	360.8	355.7
Consumer and Corporate Affairs	19.0	19.8	20.7
Education	1,355.9	1,397.6	1,377.9
Energy, Mines and Petroleum Resources	23.6	26.7	24.2
Environment	92.7	96.8	88.4
Finance	58.9	58.8	61.6
Forests	252.3	254.8	234.5
Health	2,539.1	2,557.8	2,468.8
Human Resources	1,281.4	1,414.6	1,314.8
Industry and Small Business Development	47.0	55.1	109.9
Intergovernmental Relations	2.4	2.2	2.5
International Trade and Investment	—	0.3	—
Labour	57.9	52.4	56.2
Lands, Parks and Housing	84.8	87.9	115.2
Municipal Affairs	212.6	214.6	220.9
Provincial Secretary and Government Services	136.9	137.8	148.2
Tourism	7.9	7.0	6.5
Transportation and Highways	569.0	777.7	592.1
Universities, Science and Communications	340.3	340.1	403.3
Other Voted Appropriations:			
Student Employment Programs	10.0	8.8	—
Transit Services	75.5	68.2	84.2
Interest on Public Debt	237.6	272.0	106.2
Contingencies	50.0	38.8	77.7
Employment Development Account	—	—	242.2
Extraordinary Item (Medical Services Plan)[1]	—	—	130.1
Total — General and Special Funds	7,920.0	[illegible]	8,363.9
Resource Revenue Stabilization Fund (Net)	470.0	[illegible]	—
Total Operating Expenditure	8,390.0	[illegible]	8,363.9

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[1] Prior to 1983/84, Medical Services Plan expenditure was reported on the cash basis of accounting. In 1983/84, it was recorded on an accrual basis, requiring a one-time adjustment of $130.1 million in respect of the amount due to the Medical Services Commission at March 31, 1984, which is included in 1983/84 expenditure.

[2] The 1983/84 allocation among ministries and offices has been restated for comparability purposes. There is no change to total operating expenditure for 1983/84.

Ministry of Transportation and Highways expenditure of $777.7 million was $208.7 million above the original budget estimate. The increased expenditure was largely due to a decision to accelerate the construction of the Coquihalla Highway and the Fraser River Crossing at Annacis Island. This expenditure provided fiscal stimulus to the economy during 1984/85 and the projects, as well as providing improved access to Vancouver in time for Expo 86, represent a permanent improvement in the provincial transportation network.

During 1984/85 the provincial government made a $430.0 million grant from the Resource Revenue Stabilization Fund to the British Columbia Railway Company. This grant, which was contributed to the sinking funds for the Company's historic debt, was sufficient to provide for all future interest and principal payments on the debt. The required grant was $40.0 million less than estimated in the budget mainly because of higher than anticipated interest rates at the time the transaction was completed.

Ministry of Attorney General expenditure of $369.8 million was $25.6 million above the original budget estimate and up 4.0 per cent from the previous year. A major portion of the over-expenditure was due to a $13 million expenditure under the *Crown Proceeding Act* for gasoline tax revenue refunds (including interest) required by a court decision. Higher than expected expenditure was also experienced for court services and for costs incurred under the *Criminal Injury Compensation Act* and the *Young Offenders (British Columbia) Act*.

Interest on the public debt of $272.0 million was $34.4 million above the budget estimate and up sharply from the previous year. The budget variance was the result of greater than expected borrowing and higher than expected interest rates.

Financial Requirements

The government's financial requirements for the 1984/85 fiscal year totalled $903.3 million, $153.3 million more than the original budget estimate (*see* Table 2.1). Higher than expected financial requirements were the result of the deficit being $301.2 million above budget, partially offset by an improvement from budget of $147.9 million in net receipts from financing and working capital transactions. Financing and working capital transactions affect the composition of the assets and liabilities held by the provincial government but do not affect revenue and expenditure.

Financial Sources

The government met its financial requirements through a reduction in cash and temporary investments of $41.0 million and through net borrowing for government purposes of $862.3 million. Proceeds from long term borrowing were $978.7 million as follows:

- $190.0 million (Cdn. proceeds) from a European borrowing with a repayment liability in United States dollars;
- $168.0 million through two Euro-Canadian public offerings of notes;
- $549.0 million from British Columbia Railway sinking funds;
- $71.7 million through borrowing at market interest rates from provincial government trusteed funds.

Reductions in government debt resulted from a decline in short term debt outstanding of $67.7 million, debenture repayments and foreign exchange adjustments of $40.1 million and increases in sinking fund balances of $8.6 million. After these reductions net government borrowing for the year was $862.3 million.

An additional $1,078.0 million in both long and short term funds was borrowed by the government for relending to Crown corporations through fiscal agency loans.

Provincial Government Net Equity (Net Deficiency)

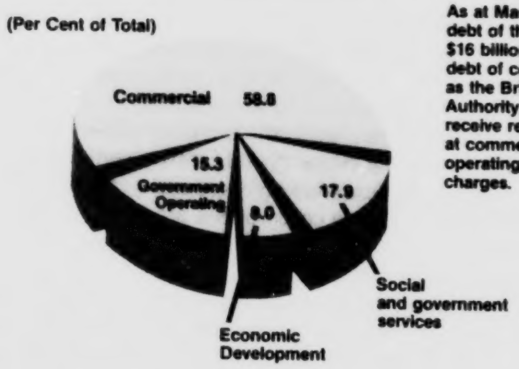
As a result of the deficit of $972.2 million for the 1984/85 fiscal year, the net deficiency of the Consolidated Revenue Fund increased to $1,455.7 million at March 31, 1985. This represents the excess of financial liabilities over financial assets at that date.

Government Debt

The provincial government issues public debt for government purposes, as needed, to finance its operations. From 1951/52 until 1981/82, with only one exception, the provincial government financed all operating and capital expenditure from current revenue and accumulated surpluses. Commencing in 1982/83, operating deficits have been funded through short and long term borrowing in public and private markets in Canada and abroad.

At March 31, 1985, provincial government net public debt outstanding (excluding funds borrowed and reloaned to Crown corporations) was $2,458.4 million.

Chart 2.3 Direct and Guaranteed Debt, March 31, 1985



As at March 31, 1985, direct and guaranteed debt of the provincial government totalled $16 billion. Almost 60 per cent of this debt is debt of commercial Crown corporations such as the British Columbia Hydro and Power Authority. Commercial Crown corporations receive revenue from the sale of their services at commercial rates and pay all their own operating expenses, including debt servicing charges.

Central Borrowing Function

The size and complexity of British Columbia's financing needs have required that its borrowing program be carefully structured and coordinated to ensure that the most favourable terms are obtained in financial markets. To assist in the achievement of this objective, a program of direct borrowing by the government for relending to Crown corporations was implemented in 1983 through amendments to the *Financial Administration Act*. This program of fiscal agency borrowing by the government provides lower cost financing to Crown corporations because, in addition to the government's strong credit rating and reputation in financial markets, a single borrower with larger debt issues typically is able to borrow at relatively lower rates. At March 31, 1985 fiscal agency debt of the government totalled $1,315.8 million.

Guaranteed Debt and Fiscal Agency Loans

Prior to the introduction of fiscal agency borrowing, most capital expenditure by Crown corporations and public bodies in British Columbia (other than municipalities) was financed through debt issued by the individual corporation and guaranteed by the provincial government with respect to principal, premium if any, and interest payments. When fiscal agency loans are included, the provincial government's net outstanding direct and guaranteed debt in respect of Crown corporations, local government and certain small enterprises, net of sinking funds, and excluding debt held as investments by the Consolidated Revenue Fund, was $13.5 billion at March 31, 1985, up 4.2 per cent from March 31, 1984 (*see* Appendix Tables 7.10 and 7.11 for Guaranteed Debt and Loans to Crown Corporations).

There are three categories of Crown corporations which have received provincial government debt guarantees and loans from the government under the fiscal agency borrowing program. Commercial Crown corporations, which include British Columbia Hydro and Power Authority, British Columbia Petroleum Corporation, British Columbia Place and British Columbia Railway Company, generate revenue from the sale of services at commercial rates and pay all of their own operating expenses, including debt service charges. At March 31, 1985 commercial Crown corporations had net guaranteed debt and fiscal agency loans outstanding of $9.4 billion, or 69.5 per cent of the total Crown corporation debt. British Columbia Hydro and Power Authority is the major borrower in this category.

Economic development Crown corporations include British Columbia Ferry Corporation, British Columbia Housing and Employment Development Financing Authority, British Columbia Development Corporation, British Columbia Transit and Expo 86 Corporation. These corporations are generally operated as commercial Crown corporations. They may, however, undertake projects which provide economic benefits to the province but which do not generate a sufficient financial return to service debt. In these cases, the provincial government may provide contributions for debt service. At March 31, 1985 economic development Crown corporations had net guaranteed debt and fiscal agency loans of $1.3 billion, or 9.4 per cent of all Crown corporation debt.

The remaining portion of guaranteed debt and fiscal agency loans has been used for financing social capital and government services projects. Construction of schools, hospitals, educational institutions and government facilities is financed through borrowings, with the cost generally amortized over a period of 20 years. Debt servicing requirements are met through grants or rental payments from the provincial government and, in the case of schools and hospitals, partly from local property levies. At March 31, 1985 guaranteed debt and fiscal agency loans outstanding in respect of social capital and government services were $2.8 billion, or 21.1 per cent of total guaranteed debt and fiscal agency loans.

Debt Servicing

The government of British Columbia provides grants for the servicing of debt by certain non-commercial Crown corporations. During 1984/85 the provincial government contributed $144.7 million to school districts, $77.8 million to regional hospital districts and $78.2 million to post secondary educational institutions.

Sinking Funds

Sinking funds are currently established for all borrowings with a term in excess of five years, including all borrowings from the Canada Pension Plan Investment Fund. The increase in interest rates in recent years has resulted in the value of some of the sinking funds reaching or exceeding the amount of the corresponding debt issue in advance of the repayment date. In these cases, under legislative amendments enacted in 1981, payments into the sinking funds can be discontinued if certain conditions are met.

Credit Rating

Canadian Bond Rating Service, a Canadian security rating agency, has rated the direct and guaranteed debt of the province at its second highest level of AA. Moody's Investors Service, a major United States security rating agency, rates British Columbia Hydro and Power Authority's long-term debt at Aa1. Standard and Poor's Corporation, another major United States rating agency, rates Hydro's debt and certain of the provincial government debt obligations at AA. These same United States agencies have rated the provincial government's United States commercial paper at the highest levels of P1 and A1 +, respectively.

Crown Corporation Borrowing

During 1984/85, long-term borrowing of British Columbia Crown corporations totalled $1,121.0 million. This included long-term borrowing undertaken by Crown corporations with a provincial government guarantee ($482.0 million) and long-term borrowing of $639.0 million undertaken directly by the provincial government and reloaned to the Crown corporations under fiscal agency agreements (*see* Appendix Table 4.2). Short-term borrowing of $439.0 million was also undertaken by the provincial government for relending to Crown corporations and local authorities.

British Columbia Hydro and Power Authority borrowed $681.0 million or 60.7 per cent of the total long-term funds borrowed. Other major borrowers of long-term funds included British Columbia Transit at $170.4 million (15.2 per cent) and British Columbia Buildings Corporation at $75.0 million (6.7 per cent).

Of the total amount of Crown corporation long-term borrowing of $1,121.0 million, $639.0 million (57.0 per cent) was raised through fiscal agency loans from the provincial government, $231.9 million (20.7 per cent) through public and private issues, $122.7 million (10.9 per cent) through the Canada Pension Plan Investment Fund and $127.4 million (11.4 per cent) was borrowed from provincial trusteed funds.

Trust Funds

Trust funds are administered by the government for third parties, but are not part of the provincial government's Consolidated Revenue Fund. At March 31, 1985 trust funds under administration totalled $11,584.6 million. The four distinct components of trust funds are as follows:

- Trust, or custodial, deposits include the accident fund of the Workers' Compensation Board, amounting to $1,920.4 million, and funds of individuals and intestates held by the government under various statutes. At March 31, 1985 the total amount of trust deposits was $2,253.8 million.
- Sinking funds are set up by Crown corporations and other public bodies to provide for the orderly retirement of maturing long-term debt. At March 31, 1985 these funds totalled $2,223.1 million.
- Superannuation and pension funds have been established to administer contributory pension plans for public sector employees. These funds totalled $6,575.2 million at March 31, 1985.
- Other managed trust funds totalled $532.5 million at March 31, 1985. The main items in this category are trust funds established with the investments formerly held by those sinking funds which have reached the value of the corresponding debt issues.

Trust deposits are invested mainly in the short-term money market with the exception of the accident fund of the Workers' Compensation Board, which is invested on a similar basis to the superannuation and pension funds. Sinking funds, superannuation and pension funds and other managed trust funds are invested to meet long-term liabilities. Until 1980, the funds were placed almost exclusively in long-term investments, mainly bond issues of provincial Crown corporations. From 1980 to mid-1982, almost all cash which became available in these funds was invested in short-term investments. Due to high interest rates which prevailed during that period, the earnings of the funds increased significantly. Since mid-1982, the asset mix between money market instruments and longer term government direct and guaranteed securities has been continually adjusted to reflect the expected direction of interest rates, with the result that 45.9 per cent of the available cash has been invested in the short-term market, and 54.1 per cent in the intermediate-term (5 to 10 year) bond market. This has allowed the funds to obtain the relatively high returns available in the bond market, without subjecting them to a high degree of risk.

Trust funds may be placed in investments permitted under the *Trustee Act*, as well as in short-term and government guaranteed securities permitted for the Consolidated Revenue Fund. Investment in mortgages, common stock and corporate bonds is permitted, but has not yet occurred.

Provincial Taxes

The provincial government has the constitutional power to levy direct taxes within the province to raise money for provincial purposes. Appendix 2 provides information about various taxes in British Columbia and about tax changes made in the 1984 and 1985 budgets.

Income Tax Rates

The British Columbia personal income tax rate is 44 per cent of basic federal tax. This means that a British Columbia taxpayer is required to remit an additional $44 of income tax to the provincial government for every $100 of federal income tax, calculated before deduction of the federal general tax reduction. Single tax filers with taxable incomes of $2,000 or less in 1985 will have their British Columbia income tax reduced to an amount no greater than federal tax payable after the deduction of the federal tax reduction of up to $100. This provides a provincial tax reduction of up to $47.50, dependent on taxable income. Married tax filers with taxable incomes of $3,160 or less in 1985 will also have their British Columbia income tax reduced to an amount no greater than the federal tax payable after the federal tax reduction of up to $200. This provides a provincial tax reduction of up to $95, depending on taxable income.

Two income tax surtaxes also apply in British Columbia. A 10 per cent surtax is imposed on that portion of provincial income tax payable in excess of $3,500. Most taxpayers with gross incomes of less than $40,000 per year are not affected by this provision.

To provide for recent increases required in provincial funding of health costs in British Columbia, a health care maintenance surtax was introduced in the 1984 budget. The effective surtax rate was 4 per cent in 1984 and is 8 per cent in 1985 and subsequent years. This surtax is applied to British Columbia tax payable, including the 10 per cent surtax, if applicable.

The corporation income tax rate is 16 per cent of taxable income earned in the province. For corporations qualifying as small businesses, the rate is reduced to 8 per cent.

Other Tax Rates

The general tax rate on purchases of tangible personal property imposed under the *Social Service Tax Act* is 7 per cent. Appendix Table 2.3 provides a list of purchases which are exempt from tax.

The tax rate on hotel accommodation is also 7 per cent. Accommodation priced at $10 or less per night is exempt from tax.

The corporation capital tax is applied to taxable paid-up capital at rates of 0.2 per cent for non-financial corporations, 0.6 per cent for trust companies, 0.8 per cent for chartered banks with capital of $500 million or less and 2.0 per cent for chartered banks with capital in excess of $500 million. In 1985 a $5 million deduction from paid-up capital is provided; this will increase to $10 million in 1986. In 1987 the tax will be eliminated except for major banks which do not have their head offices in British Columbia.

Fuel tax rates (except for marine bunker fuel) are adjusted every three months in accordance with changes in the gasoline sub-component of the Vancouver Consumer Price Index. The tax rate on clear gasoline is approximately 20 per cent of the retail price before tax. Tax rates on most other fuels have been reduced to 7 per cent of the pre-tax price of clear gasoline from the previous level of 10 to 20 per cent of that price. The tax on marine bunker fuel has been reduced to 7 per cent of its pre-tax retail price in Vancouver harbour from 20 per cent of that price. Compressed natural gas and propane used to propel motor vehicles are exempt from provincial fuel tax in order to promote use of these efficient and clean-burning fuels. Handicapped drivers are eligible for a 100 per cent rebate of gasoline tax.

The tax rates for cigarettes and other tobacco products are adjusted on March 1 and September 1 of each year and were approximately 2.72¢/cigarette and 32¢ per ounce of tobacco at August 31, 1985.

Other provincial taxes, including the horse racing tax, insurance premium tax, real property tax, logging tax, mining tax, mineral land tax and mineral resource tax, are outlined in Appendix Table 2.3. An interprovincial comparison of tax rates is contained in Appendix Table 2.2.

Legislation of Financial Significance

The following legislation was enacted by the Legislature during the spring session of 1985:

- An amendment to the *British Columbia Transit Act* increases British Columbia Transit's statutory borrowing limit by $600 million, to $1.5 billion. This increase is needed to meet capital financing requirements in 1985/86 and future years.
- The *Special Enterprise Zone and Tax Relief Act*, which received Royal Assent on June 28, 1985 provides for the establishment of Special Enterprise Zones and for tax relief for new businesses that qualify under the act and are admitted to the zones as special enterprises. The tax relief includes exemptions from liability to pay tax under the *Corporation Capital Tax Act*, exemption from provincial corporation income tax for a 10 year period, and a refund of social service tax on eligible purchases for construction, manufacturing or processing in the zones. In addition the act provides for a five-year exemption from provincial income tax for eligible corporations which undertake substantial new investment located in municipalities participating in arrangements under the *Provincial-Municipal Partnership Act* or in non-municipal areas.
- The *British Columbia Railway Amendment Act, 1985*, requires that British Columbia Railway Company and its subsidiaries be liable for fuel, hotel room and social service taxes effective April 1, 1985.
- A set of important revenue measures was introduced with the 1985 budget, mostly as a result of analysis and public meetings which indicated the provincial government's taxation structure, as it affected business, was in need of reform (*see* topic box entitled The Impact of Business Taxation Reductions Contained in the 1985 Budget). The measures, which were enacted during the spring 1985 session, included the following:
    - Amendments to the *Corporation Capital Tax Act* provide for the phasing out of the corporation capital tax. Commencing April 1, 1985, the tax will be phased out over three years through progressively higher deductions from paid-up capital. Effective April 1, 1987 the tax will be eliminated for all corporations except major banks with headquarters outside British Columbia.

- Effective March 15, 1985, tax rates applied under the *Gasoline Tax Act* and *Gasoline (Coloured) Tax Act* to off-road use of motor fuel and aviation fuel, were decreased significantly to 7 per cent of the pre-tax selling price of gasoline. The tax rate on marine bunker fuel was decreased to 7 per cent of its pre-tax selling price. These tax rates will result in these fuels being taxed at a rate equivalent to that for goods subject to social service tax.

- Under the *Income Tax (Small Business Employment Tax Credit) Amendment Act, 1985*, a two year refundable tax credit was introduced, equivalent to approximately $300 for each employee of a small business corporation. The tax credit is payable in respect of salaries and wages, within certain limits, paid in British Columbia in the first two taxation years after March 31, 1985.

- The *Income Tax Amendment Act, 1985*, extends the British Columbia low income notch provision to include the health care maintenance surtax. Additionally, taxpayers claiming their spouse's unused federal tax reduction are now eligible to reduce their provincial tax payable under the low income notch provision.

- The *Small Business Venture Capital Act*, which received Royal Assent on June 28, 1985, will encourage investment in equity capital of small businesses. Investment incentives in the form of grants or provincial income tax credits equal to 30 per cent of the equity received by the venture capital corporation, up to a specified maximum, will be provided to persons investing in venture capital corporations qualifying for registration under the act (*see* topic box entitled Small Business Venture Capital Program).

- Amendments to the *Insurance Premium Tax Act* increased the tax rate on general insurance from 2 per cent to 3 per cent. This rate change will be effective January 1, 1986 to allow insurance companies to plan for the rate increase. A 2 per cent tax rate will continue to apply to premiums for life, sickness, personal accident and loss of salary and wages insurance. Marine insurance premiums for pleasure craft will be added to the general insurance tax base, phased in over three years commencing in 1986.

- Under the *Assessment and Taxation (Miscellaneous Amendments) Act, 1985*, all machinery and equipment is frozen at its September 30, 1984, value for property tax purposes. Machinery and equipment installed after that date will not be assessed. The school tax rate applied to machinery and equipment will be reduced in 1985 and 1986, and eliminated in 1987. Also beginning in 1985 the non-residential tax rates for industrial and business properties will be reduced over 3 years to twice the typical residential rate. Other property tax measures include exemption of short term Crown tenures from property tax, exemption of the Advanced Light Rapid Transit System and the Expo 86 site from property taxes effective the 1985 taxation year, and addition of several types of property to a recreational property designation, resulting in a lower effective tax rate.

- As of January 1, 1986, the minimum real property tax payable under the *Taxation (Rural Area) Act* will increase from $175 to $200 per year, after deduction of the Home Owner Grant.

The Impact of Business Taxation Reductions Contained in the 1985 Budget

The tax measures contained in the 1985 British Columbia budget were designed to assist provincial economic renewal by significantly reducing taxes for most British Columbia businesses.

1984 Taxation Review

The budget tax measures were developed after a thorough review of the impact of taxation on economic development in British Columbia. This review was initiated in 1983, when an independent consulting firm was commissioned to estimate the overall level of taxes that would be faced by various firms under the tax systems of British Columbia and several other jurisdictions in Canada and the United States. The study compared total taxes that would have been imposed on a representative machine shop, hotel, trust company, sawmill, high technology firm and copper mine, based on tax systems in place on May 1, 1983 in the jurisdictions selected for comparison.

Results of Review and Public Consultations

The analysis undertaken in the comparative taxation study indicated that certain taxes in British Columbia, particularly those not sensitive to a firm's income level, such as property taxes, were somewhat higher than those in other jurisdictions.

The results obtained from this study were published in the 1984 Ministry of Finance discussion paper, "Taxation and Economic Development: Background Information for a Consultative Process". This comparative tax information, along with other background material contained in the discussion paper, provided a focus for the Minister of Finance's public consultations on taxation held last fall and winter. These consultations, held in 27 communities throughout British Columbia, confirmed the conclusions of the comparative tax study; it was often suggested that the most beneficial form of tax relief for British Columbia businesses would be reductions in non-income-sensitive taxes, such as property and consumption taxes.

Tax Reductions in 1985 Budget

After examining the comparative tax study and weighing the many suggestions received during the consultative meetings, the provincial government introduced a number of substantive taxation measures in the 1985 budget. These were targetted toward reducing both fixed taxes and production-related taxes not affected by the profitability of a firm.

The important tax reduction measures announced in the 1985 budget included:

- the phased elimination of property tax on machinery and equipment over three years and the reduction of school property tax rates applied to industrial and commercial property;
- the phased elimination of corporation capital tax over three years;
- a significant reduction in off-road fuel tax rates from a range of 10 to 20 per cent of the pre-tax price to 7 per cent;
- the freezing of water rental fees for five years;
- the introduction of a refundable small business employment tax credit of approximately $300 per employee for a two-year period;
- the elimination of social service tax on the purchase of numerous items used in the course of manufacture, production, service and repair of specified goods and services; and
- the elimination of social service tax on items purchased for use in the aquaculture industry.

Effect of Tax Reductions

In order to measure the effect of the tax reductions contained in the 1985 budget, total non-income-sensitive taxes for the six representative British Columbia firms included in the 1983 comparative taxation study have been re-estimated. The following table shows the percentage reduction in these taxes for British Columbia firms, resulting from full implementation of the major 1985 budget measures, including the phased-in tax changes. The totals shown include federal, provincial and local non-income-sensitive taxes.

The results shown in the table indicate that the 1985 budget measures will significantly reduce non-income-sensitive taxes for British Columbia firms.

In addition to these tax reductions for both new and established firms, the budget contained further incentives specifically designed to promote new investment in the province. These include non-residential school property tax reductions for new industrial investment in participating municipalities and in non-municipal areas, and the immediate elimination of property tax for new

Continued . . .

machinery and equipment (*see* the topic box entitled Provincial-Municipal Partnership Agreements: Chapter 3).

A five-year corporation income tax holiday is also provided under the *Special Enterprise Zone and Tax Relief Act* to eligible corporations undertaking substantial new investment in non-municipal areas and in participating municipalities.

The combined effect of these changes will improve the competitive position of British Columbia firms.

Reduction in Annual Non-Income-Sensitive Taxes Resulting From Full Implementation of Major 1985 Budget Tax Measures for Representative British Columbia Firms Examined in 1983 Comparative Taxation Study

	Machine Shop	Hotel	Trust Company	Sawmill	High Technology Firm*	Copper Mine*
Non-income-sensitive taxes May 1983 tax system	$116,000	$428,000	$121,000	$1,136,000	$36,000	$12,620,000
Non-income-sensitive taxes adjusted for 1985 budget measures	99,000	385,000	91,000	894,000	30,000	8,625,000
Reduction	$ 17,000	$ 43,000	$ 30,000	$ 242,000	$ 6,000	$ 3,995,000
Percentage reduction due to tax changes	14.7%	10.0%	24.8%	21.3%	16.7%	31.7%

* Calculations relate to fifth year of operations.

- The *Provincial-Municipal Partnership Act* enables municipalities to enter into agreements with the provincial government for cooperation in matters of economic development, provides for property tax relief under agreements with the provincial government, and simplifies the procedure for disposition of land by municipalities for commercial and industrial use (*see* topic box entitled Provincial-Municipal Partnership Agreements: Chapter 3 for details).

- Under the *Provincial-Municipal Partnership (Taxation Measures) Act*, there is provision for non-residential school tax reductions for new industrial improvements, both in participating municipalities which provide a reduction of at least 50 per cent in municipal taxes until 1990 for these improvements, and in non-municipal areas.

- The *Social Service Tax Amendment Act, 1985*, exempts aquaculture items, and specified items consumed or used during manufacture or servicing of goods, from social service tax. As well, temporary use provisions have been established for specified equipment used for seismic studies or petroleum and natural gas exploration and development.

- The *Tobacco Tax Amendment Act, 1985*, increased the tax on cigarettes, loose tobacco and cigars by 10 per cent on April 1, 1985. The ad valorem adjustment for cigarettes and loose tobacco on March 1 and September 1 of each year remains in effect.

- The provincial business licence fees levied in non-municipal areas under the *Business Licence Act* will be abolished, effective for 1985.

Small Business Venture Capital Program

The availability of equity capital to finance new ventures or to expand existing ventures is generally acknowledged as an important element in a growing economy.

To expand and diversify the sources of equity capital, the provincial government has recently taken steps to create a special type of financial intermediary, a Venture Capital Corporation (VCC), to facilitate the raising of investment funds by certain kinds of small businesses.

The *Small Business Venture Capital Act* provides for tax and grant incentives to encourage investment in VCCs, thereby providing them with funds for making equity investments in small businesses. The program will be administered by the Ministry of Industry and Small Business Development.

Incentives to the Investor

The act envisages three types of investors in VCCs, and provides the following incentives:

An **Individual** resident of the province is eligible for a tax credit equal to 30 per cent of the equity investment made in a VCC, up to an annual limit of $60,000. To the extent that the tax credits exceed British Columbia income tax otherwise payable in the year, they are refundable through the income tax system.

A **Corporation** is also eligible for a tax credit equal to 30 per cent of the equity investment received by the VCC from that corporation. The tax credits to corporations may not exceed British Columbia income tax otherwise payable.

A **Non-Taxable Entity,** prescribed by the Lieutenant Governor in Council, is eligible for a grant equal to 30 per cent of its equity investment in a VCC.

For both individuals and corporations, tax credits which have been earned but cannot be claimed in any one year may be carried forward and utilized in any of the four following taxation years.

The Venture Capital Corporation

The function of a VCC is to receive investment dollars from the above types of investors and invest in new equity of eligible small businesses within the province.

The following conditions apply to VCCs:

- The VCC must be incorporated in British Columbia. A prospective VCC must be approved by the Ministry of Industry and Small Business Development prior to incorporation under the British Columbia *Company Act*.
- Incorporation may be made as either a private or public company. The authorized capital of the VCC must consist of only one class of shares: equity shares without par value.
- The total equity capital of the VCC must be a minimum of $25,000 on incorporation, increasing to a minimum of $100,000 by the end of 12 months. The maximum capitalization is $5 million for a private VCC and $20 million for a public VCC (i.e., one for which the shares trade on the Vancouver Stock Exchange).
- A VCC is permitted to make equity investments in a number of eligible small businesses. However, in order to ensure that control of a business rests with its original owners, a VCC cannot own 50 per cent or more of the equity in any one eligible small business.
- A VCC is required to place into an investment protection account an amount equal to the value of the tax credit or grant applicable to the funds it has raised. Withdrawal of funds from this account can occur only upon investment by the VCC in an eligible small business and must have the prior approval of the Ministry of Industry and Small Business Development. In this way, any tax credit or grant that has been paid to the investor will always either have resulted in equity investment in eligible small businesses or be accounted for by funds on deposit.
- In order that investment dollars are made readily available to small businesses, the VCC must, within 18 months after selling shares, invest a minimum of 40 per cent of the proceeds in new equity capital of eligible small businesses. Within 36 months 70 per cent of those proceeds must be so invested.

The Eligible Small Business

Four sectors of the economy have been established as eligible for equity investments by venture capital corporations. These are:

- manufacturing and processing;
- research and development;
- tourism; and,
- aquaculture.

In order to qualify for receipt of this new equity investment, a business must operate at arms-length from the VCC. The business, together with its affiliates, must also have no more than 75 employees and pay at least 75 per cent of its wages and salaries to employees reporting for work in British Columbia.

Certain limitations have been placed on the uses to which the small business may put its new capital obtained from the VCC. These restrictions ensure that the funds are used to stimulate new investment, rather than to purchase existing businesses or to retire existing corporate debt.

Outlook

The initial and continuing response from the business community indicates that this program will generate a significant pool of equity capital for small business in British Columbia.

In December 1984 an important change was made to fees levied under the *Water Act*. The annual indexation for 1985 of water power fees levied under the act was deferred by Order in Council. There will be no further indexation of water power fees until 1990.

In addition to the taxation measures introduced with the 1985 budget, several other legislative measures were enacted to encourage economic development in the province and to ensure the continuation of existing industries.

These measures included the following:

- The *Industrial Electricity Rate Discount Act* authorized the British Columbia Hydro and Power Authority, on the order of the Lieutenant Governor in Council, to supply electricity at discounted rates to new industrial operations using large quantities of electrical power in the manufacturing, mining and processing industries, and to existing industrial operations requiring additional electrical power.
- The *Critical Industries Act* is intended to restore the competitiveness of business enterprises in critical industries. The act authorized the appointment of a Commissioner, who may designate an industry, or part of an industry, as a critical industry, with the approval of the Lieutenant Governor in Council. The forestry and mining industries are to be designated as critical industries. With the assistance of the Commissioner, economic plans may be prepared and agreements reached with employees and management, under which plants may be re-opened or operations continued. Concessions may be provided through lower property taxes, reduced electricity rates and agreed adjustments to employee compensation plans. To date, two mining operations and a plywood mill have agreed to re-open under conditions negotiated by the Commissioner.
- Under the terms of the *Industrial Development Incentive Act* a total of $125 million has been made available for loans to encourage manufacturing, aquaculture, tourism, new industry and new technology in the province. These funds will be provided as part of the provincial government's contribution under the new federal/provincial Economic and Regional Development Agreement (ERDA).

3. Intergovernmental Relations

International Relations

After extensive negotiations the Canada/United States Pacific Salmon Agreement was ratified during March 1985. British Columbia was represented on the Canadian negotiating team through senior officials from the Ministry of Intergovernmental Relations and the Ministry of Environment. This Agreement is expected to provide benefits to both countries and facilitate conservation measures required to rebuild depleted salmon stocks.

British Columbia's appointments to the Skagit Environmental Endowment Fund Commission were made in January 1985. The Fund was established under the terms of the 1984 Skagit agreement between the Province of British Columbia and the City of Seattle.

In February 1985, the federal government, after consultation with British Columbia, agreed that the International Joint Commission (IJC) could conduct a study of the transboundary environmental impact of the proposed Sage Creek coal project in southeastern British Columbia. The provincial government will be monitoring this 18-month study closely.

In September 1984, the Premier attended the annual meeting of the heads of government of British Columbia, Alaska and the Yukon, held in Dawson City.

Federal/Provincial Relations

Following the election of a new federal administration in September 1984 there was an increase in activity in federal-provincial matters. A complex series of consultations occurred, focused mainly on economic matters. This process culminated in the First Ministers' Conference on the Economy, held in Regina, on February 14 and 15, 1985.

On March 28, 1985 the governments of Canada, Saskatchewan, Alberta and British Columbia reached a comprehensive oil and natural gas agreement designed to revitalize the Canadian petroleum industry. The agreement, called the "Western Accord", essentially replaced the National Energy Program (*see* topic box entitled A New Era for the Petroleum Industry: Chapter 6 for further details).

On November 23, 1984 the governments of Canada and British Columbia signed an Economic and Regional Development Agreement (ERDA), creating a framework for co-ordinating federal/provincial funding of economic development initiatives in British Columbia (*see* topic box entitled Economic and Regional Development Agreement: Chapter 6 for further details).

British Columbia participated in the Annual Premiers' Conference, held in Charlottetown in August 1984 and in St. John's in August 1985, and the Western Premiers' Conference, held in Grande Prairie, Alberta in April 1985.

Constitutional Issues

During late 1984 and early 1985 the province participated in a series of meetings with representatives of the aboriginal peoples of Canada and the federal and other provincial and territorial governments, leading to the First Ministers' Conference on Aboriginal Constitutional Matters held on April 2 and 3, 1985. Discussions on the issue of aboriginal self-government are to continue later in 1985.

The provincial government is participating with the federal government in a joint hearing process to assess the effects of offshore oil and gas exploration on British Columbia's northwest coast. Steps are also being taken by British Columbia to settle the issue of jurisdiction over offshore petroleum resources on the West Coast with the federal government.

Federal/Provincial Fiscal Arrangements

The major fiscal arrangements between the federal government and the provincial government are embodied in the *Federal/Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977.*

This act provides for federal transfers to provincial governments for funding of insured health services, extended health care and post-secondary education. The act also provides for a fiscal stabilization program, an equalization program and for tax collection agreements between the federal government and participating provinces.

In 1977, the Established Programs Financing (EPF) mechanism replaced cost-sharing in the financing of hospital insurance, medical care and post-secondary education, with a combination of transferred personal and corporation income tax points and federal government cash payments to the provinces. As well, a per capita cash payment is provided for extended health care programs. The transfer is largely unconditional, with the exception of a requirement to maintain five basic standards of health care. British Columbia's cash entitlement was $1,012 million for 1984/85. Adjustment payments for prior years totalling $71 million and penalties of $23 million under the *Canada Health Act* in respect of certain provincial user charges, resulted in a total 1984/85 EPF contribution of $1,060 million.

In recent years, the federal government has made several modifications to the EPF program which have reduced contributions to the provinces. The Established Programs Financing formula was amended in 1982 to reduce federal cash transfers to all provinces for 1982/83 and subsequent years. These amendments to the formula are estimated to have reduced contributions to British Columbia by $94 million in 1982/83, $104 million in 1983/84, $114 million in 1984/85 and $123 million in 1985/86.

Beginning in 1983/84, the federal government applied the 6 and 5 restraint policy to the post-secondary education component of the EPF transfer. This action reduced British Columbia's cash entitlement by $14 million in 1983/84, $31 million in 1984/85 and will cause an estimated reduction of $33 million in 1985/86.

In 1984/85, the federal government reduced the insured health services component of the EPF contribution through the introduction of penalty charges equivalent to the revenue raised by British Columbia hospitals from acute care co-insurance charges. This reduced the British Columbia cash entitlement by $23 million during 1984/85 and will result in an estimated reduction of $32 million in 1985/86.

The fiscal stabilization program is designed to provide some protection to provinces from a decline in provincial revenues. The program provides for federal payments to a province whose revenue declines in a fiscal year from the level in the preceding year, after adjustment for changes in tax rates and exclusion of any decline in natural resource revenue of less than 50 per cent. In June 1983, British Columbia became the first province ever to apply for a payment under this program, when a formal application was submitted in respect of the 1982/83 fiscal year. The federal government has made payments to the province over the last two years totalling $174 million with respect to this claim.

The equalization program enables provinces with lower revenue-raising potential to provide a reasonable standard of public services without necessitating unduly high tax rates. Under the program, a province's revenue-raising capacity is measured against that of an average of five representative provinces. British Columbia does not receive payments from the federal government under the equalization scheme.

The fiscal arrangements also provide for the tax collection agreements which enable the federal government to collect provincial personal and corporation income taxes on behalf of a participating province. As a result, each tax filer is required to file only a single tax return. Nine provinces participate in respect of personal income tax and seven in respect of corporation income tax. Quebec does not participate in the agreement for either corporation or personal income taxes, while Ontario and Alberta collect their own corporation income tax. Under the terms of the agreement between Canada and British Columbia, the provincial government is required to adopt income tax legislation and regulations similar to those of the federal government.

Canada Assistance Plan

The other major federal/provincial financial agreement is the Canada Assistance Plan (CAP), through which the federal government makes contributions to the provincial government, on a cost-shared basis, for eligible expenditure on social assistance and welfare services. British Columbia's CAP receipts were $579 million in 1984/85.

Other Federal Government Contributions

The provincial government has numerous other agreements with the federal government in a variety of program areas, principally manpower training and economic development. Most of these agreements are for a limited duration.

Provincial/Local Relations

Local government in British Columbia consists of incorporated municipalities (cities, towns, villages and districts), regional districts, school districts, regional hospital districts and special purpose improvement districts. Included are the following:

- 144 municipalities incorporated under the *Municipal Act*, to provide facilities such as roads, waterworks and sewerage systems, as well as a wide range of social, recreational and protective services.
- 28 regional districts incorporated under the *Municipal Act*, combining municipal and other local government areas to provide more efficiently administered services over a larger area. All but a small part of the province is included within regional district boundaries.
- 75 school districts incorporated under the *School Act*, to provide efficient and coordinated administration of schools. The districts cover 98 per cent of the province and usually combine adjacent municipal and non-municipal areas.
- 28 regional hospital districts incorporated under the *Hospital District Act*. These districts, sharing boundaries with the regional districts, participate in the planning and provision of capital funds for health facilities.
- 322 improvement districts, primarily in non-municipal areas, incorporated under the *Municipal Act*. Services provided by improvement districts include waterworks (261 areas), fire protection (92 areas), irrigation (65 areas), street lighting (42 areas), drainage (39 areas), garbage disposal (31 areas), sewage disposal (16 areas), parks and playgrounds (21 areas), dyking (21 areas), community halls, recreation areas, cemeteries and land acquisition and improvements (television antennae, boat landings, mosquito control, river bank protection, water treatment, electrical energy and lake level control).

Municipalities

At June 30, 1985 there were 36 cities, 47 districts, 13 towns and 48 villages, totalling 144 municipalities in 28 regional districts. In the past year, Metchosin was incorporated as a district municipality and Colwood was incorporated as a city. For details of municipal population, see Appendix 11. Major provincial financial assistance was provided to municipalities during 1984/85 under the *Revenue Sharing Act* and the *Municipal Aid Act*.

Revenue Sharing

Under legislation adopted in 1977, a revenue-sharing formula allows municipalities to share in the broader provincial revenue base and reduces pressure on the real property tax base. The formula annually transfers into the Revenue Sharing Fund an amount equivalent to the yield of one point of personal income tax, one point of corporation income tax and six per cent of sales tax and natural resource revenue. Under the *Revenue Sharing Act*, $205 million was provided to municipalities and regional districts in the 1984/85 fiscal year.

The *Revenue Sharing Amendment Act*, passed in 1985, establishes a Grant Stabilization Account within the Revenue Sharing Fund. The Account is intended to partially insulate grants to municipalities from fluctuations in provincial government revenue.

Provincial-Municipal Partnership Agreements

Outline of Program

The Provincial-Municipal Partnership program is a coordinated provincial-local program designed to promote economic development and job creation. The program involves agreements between the provincial government and municipalities to provide economic development incentives.

Under the agreements, municipalities commit themselves to a substantial municipal tax rate reduction on newly installed or constructed industrial improvements.

Municipalities can further undertake to:

- create an economic development commission or a volunteer economic development committee;
- prepare an economic strategy; and,
- reduce business licence fees by up to $3,000 for businesses owning new industrial improvements.

The provincial government, in turn, agrees to reduce school taxes on newly installed or constructed industrial improvements in participating municipalities. It also agrees to share in the cost of economic development commissions or volunteer economic development committees, economic strategies, market research and economic promotions.

These incentives for new industrial development provide an effective method by which local governments can support economic development goals. The tax incentives will encourage investment by reducing the cost of constructing and maintaining new industrial facilities. This benefit is particularly important during the construction and start-up of a new industrial plant, because no income is earned by the plant during this time and, consequently, all expenses must be financed from investment capital.

The Tax Reductions In Detail

Under the partnership arrangements, a participating municipality must reduce property taxes by 50 per cent on virtually all new facilities which are to be used for the purpose of extracting, processing, or manufacturing of products. The tax reduction is effective until the end of 1990. Beyond this basic tax reduction, the municipality has the authority to institute further reductions in municipal taxes on new industrial facilities, up to 100 per cent. Reductions above 50 per cent may vary by year and among industrial properties. Municipalities may also provide a one-year tax reduction for existing, but vacant, industrial buildings if they are subsequently occupied for the purpose of new industrial investment.

The complementary provincial tax reductions consist of a 50 per cent reduction in non-residential school taxes on new industrial improvements in both participating municipalities and non-municipal areas. The government will also reduce non-residential school taxes on vacant industrial buildings when subsequently occupied for new industrial investment.

These tax reductions complement other provincial property tax reductions such as the phase-out of taxation on machinery and equipment and reduced school tax rates on industrial and commercial property.

In addition, the *Special Enterprise Zone and Tax Relief Act* provides for a five-year corporation income tax holiday for eligible corporations undertaking substantial new investment in non-municipal areas and participating municipalities. Provision has also been made in the *Industrial Electricity Rate Discount Act* for electricity rate discounts for large industrial consumers of electricity which locate in participating municipalities and non-municipal areas.

Effect of Program

These incentives will significantly reduce the cost of establishing a new plant in a participating municipality. For example, in 1984, property taxes on a medium-sized sawmill were $350,000. Under the partnership arrangements and after other reductions to provincial school taxes, an identical new sawmill could pay property taxes of only $38,000 by 1987.

The program has been well received, as indicated by municipal participation and the encouragement of new investment. As of August 15, 1985, 49 municipalities had signed partnership agreements and another 34 had made a commitment to participate.

New industrial developments which have been announced as a direct result of the provincial-municipal partnership program and the government's tax cuts and electricity incentives, include a $35 million hydrogen peroxide plant which FMC of Canada Limited is considering locating in Squamish, an $11 million steel grinding plant to be built by Armco Canada Ltd. and Stelco Incorporated at Kamloops, a possible $200 million modernization of the Trail operation of Cominco Ltd. and a wide range of other business ventures.

As more than one-half of the municipalities in the province have already signed agreements or agreed to participate in the program, it is expected to have a significant effect on economic growth in the province.

Payments to the municipalities are in the form of both conditional and unconditional grants (*see* Appendix Table 3.1, Major Provincial Programs for Local Government).

Downtown Revitalization Account (1980)

This special purpose account was established with a $25 million appropriation to provide grants and loans to municipalities and the business community for the revitalization of downtown areas. During 1984/85, loans of $3.1 million were made from the account while grants of $1.0 million were disbursed.

Grants in Lieu of Property Taxes

Grants in lieu of taxes on Crown property are paid to municipalities by the province under the *Municipal Aid Act*. The grant is equal to the assessed value of the property, multiplied by the applicable municipal and regional district tax rate, including the debt service levy. Many British Columbia Crown corporations also pay grants to municipalities on the same basis. In the 1984/85 fiscal year, the provincial government paid $2.9 million under this provision while the British Columbia Buildings Corporation, on behalf of provincial ministries, paid $10.3 million. This total of $13.2 million represented an increase of 14.8 per cent from 1983/84.

British Columbia Assessment Authority

The authority is incorporated under the *Assessment Authority Act* as an independent corporation with responsibility for real property assessment throughout British Columbia. The Assessment Authority is governed by a six-member board of directors.

With the exception of farm land, tree farm land and some utilities, land and improvements are assessed at their actual value. The Lieutenant Governor in Council has prescribed nine classes of property for which different tax rates may be set.

The longstanding practice of annual reassessments has now been superseded by the introduction of a biennial cycle. Assessment rolls were completed by September 30, 1984 and will continue to be completed by September 30 in each even-numbered year in future. In most cases the assessments shown upon these rolls will be the assessments for taxation purposes in the two following taxation years. Not later than September 30, 1985 and in each odd-numbered year thereafter, assessors must complete a revised assessment roll which will contain revisions for the purpose of taxation during the following calendar year. This revised assessment roll will only show those properties which have been the subject of certain enumerated changes such as changes in physical characteristics, in classification or in ownership.

For assessment purposes, the province is divided into 23 areas. Assessment rolls are prepared for each taxing jurisdiction within an area and, after confirmation by the Court of Revision, are used in the production of tax rolls. For the 1985 and 1986 assessment rolls approximately 1.2 million taxable and exempt properties were assessed. The actual value of all properties, including some Crown properties and other properties exempt or partially exempt from taxation, was $145.7 billion. The actual and school taxable values are shown in Table 3.1.

Table 3.1

Actual and School Taxable Property Values, 1985

	Total Actual Value	School Taxable Value[1]
	($ millions)	
(a) By taxing jurisdiction		
Cities	56,050	46,712
District municipalities	57,496	48,633
Towns	1,983	1,707
Villages	2,415	1,933
Rural	27,775	20,976
Total	145,719	119,961
(b) By property classification		
Residential	81,473	76,272
Utilities	11,203	8,235
Forestry	129	17
Machinery and equipment	12,534	10,874
Industrial	6,842	6,031
Business/other	29,229	17,359
Tree farm land	91	91
Recreational property/Non-profit organization	2,870	417
Farm land	1,348	665
Total	145,719	119,961

[1] School taxable value is the total actual value of property less the value of property that is exempt from school tax.

Municipal Finance Authority of British Columbia

The authority is incorporated under the *Municipal Finance Authority Act* as a central borrowing agency to provide financing of capital requirements (other than for schools and hospitals) for local governments in British Columbia. Pursuant to the act, two special purpose districts and all regional districts and their member municipalities (except the city of Vancouver) are required to finance their long-term capital requirements through the authority. The authority issues its own debentures, or other debt instruments, and lends the proceeds to the regional districts on whose request the financing is undertaken.

Obligations of the authority are not obligations of the Province of British Columbia and are not guaranteed directly or indirectly by the provincial government. Currently the authority's bonds have an Aaa credit rating from Moody's Investors Service and an AA+ credit rating from Standard & Poor's Corporation.

The combined credit-worthiness of all regional districts and their member municipalities, which together have essentially all the taxable land and improvements in the province, stands behind the authority's obligations. In addition, a debt reserve fund is maintained to satisfy obligations in the event that sufficient funds are not available to meet payments or sinking fund contributions due. If the Board of Trustees of the Municipal Finance Authority is of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, it may, and under certain circumstances must, levy upon all taxable land and improvements in the province rates sufficient to restore the fund to the amount it would have contained had no such payments been made.

At June 30, 1985, the outstanding long-term debt contracted by the authority on behalf of the regional districts and their member municipalities totalled $1,191.6 million and the debt reserve fund balance was $110.4 million.

Provincial Home Owner Grant

The Provincial Home Owner Grant Program reduces property tax levies for eligible home owners. In 1984, the grant to each eligible home owner, which is first applied against the local school tax levy, was $380. An additional $250 grant was paid to eligible home owners aged 65 years or over, to handicapped persons eligible under the regulations and to those eligible persons receiving an allowance under the federal *War Veterans Allowance Act*.

As a result of this property tax relief program, many British Columbia home owners paid the minimum property tax for local government services, including education, of $150 ($1 for those eligible for the supplementary grant) during 1984. The minimum property tax for local government services has been raised to $175 for 1985 and to $200 for 1986. Provincial home owner grants paid in the 1984/85 fiscal year totalled $268 million, an increase of $5.0 million from 1983/84. An estimated $224 million of the home owner grants was applied to reduce local school taxes levied in 1984, while the balance was applied to reduce other local property tax levies.

4. Crown Corporations and Enterprises

Introduction

Crown corporations and enterprises are entities established or acquired by the government. Their functions include commercial and quasi-commercial activities, the administration of services and programs and the financing of other public bodies. Many Crown corporations and enterprises receive financial assistance from the government in the form of grants, loans, equity investments and debt guarantees. The operations of Crown corporations are recorded in their own financial statements, and only transactions with the government are reflected in the government's main financial statements. The financial statements of all Crown corporations and enterprises are subject to audit by the Auditor General or by private sector auditors. Appendix Table 4.1 lists major British Columbia Crown corporations and enterprises and their functions. Appendix Table 4.2 summarizes long-term borrowing of provincial Crown corporations.

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority generates, transmits and distributes electricity to more than 90 per cent of British Columbia's population. The Authority also distributes natural gas in Greater Vancouver and the Fraser Valley, distributes propane-air gas in Greater Victoria and operates a railway offering local and terminal freight service in Greater Vancouver and the Fraser Valley.

Operations

The Authority's generating name-plate capacity at March 31, 1985 was 10,503 thousand kilowatts compared with 8,760 thousand kilowatts at March 31, 1984. During the year, four generating units at Revelstoke were brought into service representing an addition of 1,843 thousand kilowatts to Hydro's generating name-plate capacity. The 100 thousand kilowatt Port Mann gas turbine generating station was retired during the year.

The highest one-hour peak demand on the integrated system during the year occurred on December 17, 1984. At 6,193 thousand kilowatts, it was just below the record of 6,215 thousand kilowatts set in December 1983.

A total of 37,880 million kilowatt-hours of electricity was sold in 1984/85, up 18.7 per cent from the previous year. At March 31, 1985 electrical service was provided to 1,141,905 customers, 88 per cent of whom were residential, with the remainder being primarily commercial or industrial.

Gas sales volumes also increased in 1984/85, up 11.3 per cent from the previous year. At March 31, 1985 gas service was provided to 362,255 customers.

British Columbia Hydro's net income for the year ended March 31, 1985 was $3 million compared with net income of $51 million in the prior year (*see* Table 4.1).

Total revenues reached an all-time high of $1,953 million during 1984/85, an increase of 21.1 per cent from the previous year. Revenues from domestic sales of $1,771 million showed an increase of $233 million from the previous year while revenues from the export sale of surplus electricity increased by $107 million to $182 million during 1984/85.

The large increase in revenues is explained by an increase of 18.7 per cent in the volume of electricity sold, a 6.5 per cent interim electric rate increase and higher gas sales.

Total operating expenses, including finance charges, increased by $366 million, or 23 per cent, over the previous year, mainly as a result of the placing in service of two major projects, the Revelstoke plant in 1984/85 and the first circuit of the Cheekye-Dunsmuir transmission line in November 1983.

Table 4.1

British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31,	1984	1985	Change 1984 – 1985
Electric			(per cent)
Generating name-plate capacity (rated kilowatts in thousands)	8,760	10,503	19.9
Customers (thousands)	1,124	1,142	1.6
Electricity sold (kilowatt-hours in millions)	31,903	[illegible]	18.7
Residential service—average revenue per kilowatt-hour (cents)	4.9	5.3	8.2
Gas			
Gas sold (terajoules)	89,525	99,636	11.3
Customers (thousands)	350	362	3.4
Average revenue per gigajoule[1] (dollars)	4.02	4.14	3.0
Rail freight (thousands of tonnes)	2,005	1,837	−8.4
Employees (including temporary employees)	8,205	7,149	−12.9
	($ millions)		(per cent)
Revenue	1,613	1,953	21.1
Income (loss) by service			
Electric	39	(22)	—
Gas	14	24	71.4
Rail	(1)	3	—
Sundry	(1)	(1)	—
Net income	51	3	−94.1
Expenditure on fixed assets—net of contributions in aid of construction	790	[illegible]	−42.7
Fixed assets in service	8,046	[illegible]	27.2
Long-term liabilities	7,250	[illegible]	16.2
Cash and temporary investments at end of year	300	[illegible]	−20.3

[1] The gigajoule and MMBTU (million British thermal units) are used to measure the energy equivalenge of various fuels (1 MMBTU = 0.935 GJ).

Source: British Columbia Hydro and Power Authority Annual Report 1984/85.

Most of the increase in operating expenses is attributable to finance charges, which increased by $252 million. Of this amount, $146 million relates to the Revelstoke plant, $30 million to the Cheekye-Dunsmuir line, $6 million to the Cathedral Square substation, and the balance to the decline in the value of the Canadian dollar relative to the United States dollar.

At year-end, the cost of fixed assets in service was $10.2 billion, an increase of 27.2 per cent over the previous year.

For the three months ended June 30, 1985 gross revenue was $449 million, an increase of 14.3 per cent over the same period in 1984. Expenses increased by 11.6 per cent to $472 million, and $15 million was transferred from the rate stabilization account resulting in a net loss of $8 million for the period, which compares with a net loss of $19 million for the same period in 1984/85.

Financing

During 1984/85, British Columbia Hydro borrowed $444 million payable in Canadian currency at an effective annual interest rate of 12.73 per cent and $188 million payable in United States currency at an effective annual interest rate of 14.03 per cent.

At March 31, 1985 British Columbia Hydro's gross long-term debt totalled $9.5 billion. Of this amount, $4.4 billion was payable in Canadian currency and $5.1 billion in United States currency (United States currency of $3.7 billion). The effective annual interest rate on debt outstanding at March 31, 1985 was 12.0 per cent.

Many long-term borrowings have sinking fund provisions to ensure that funds are available at maturity to repay a significant portion of the debt. At March 31, 1985 the sinking funds, including accrued interest, amounted to $900 million.

Capital Expenditure

During the year ended March 31, 1985 capital expenditure totalled $484 million, of which $139 million was required to complete the Revelstoke project, $147 million for the Cheekye-Dunsmuir transmission line, and the balance primarily for improvements and expansion of the electric distribution system.

Construction

The Revelstoke hydroelectric plant located five kilometres north of Revelstoke on the Columbia River was brought into full service during the past year, with four 460,750 kilowatt generating units operating by year-end.

A second 117 kilometre, 500-kilovolt circuit between Ashton Creek substation near Vernon and Nicola substation near Merritt was energized, completing the 500-kilovolt transmission system associated with the Revelstoke plant.

The underwater portion of the second circuit for the 500-kilovolt alternating current transmission connection between the mainland and Vancouver Island was completed.

A 146 kilometre, 500-kilovolt transmission line came into operation, connecting the Kelly Lake substation near Clinton to the Nicola substation. This line strengthens the 500-kilovolt grid by interconnecting transmission from hydroelectric projects on the Peace and Columbia rivers.

Foundations were installed and towers erected for a 108 kilometre, 500-kilovolt transmission line between Cranbrook and the Alberta border. The line, scheduled to be placed in operation during the 1985/86 fiscal year, will provide emergency support and energy benefits to both Alberta and British Columbia.

British Columbia Railway Company

British Columbia Railway Company, the third largest railway in Canada, operates 2,237 kilometres of main-line track from North Vancouver to the north east region of British Columbia (*see* Map 6.4: Chapter 6). The railway also maintains approximately 620 kilometres of industrial and yard track and sidings. Through connections at North Vancouver, Prince George and Dawson Creek, British Columbia Railway has access to the North American railway network. Deep-sea bulk-loading facilities are located at North Vancouver and Squamish. The railway also operates a microwave communication system, which enables dispatchers to stay in constant communication with the trains, as well as with its trucking fleet.

At the end of 1984, the railway's rolling stock fleet comprised 122 locomotives and approximately 10,500 freight and other rail cars. The railway's land holdings of more than 19,000 hectares include, in addition to rights-of-way, industrial parks at Prince George, Williams Lake, Mackenzie, Fort St. John, Dawson Creek, Fort Nelson and Fort St. James.

Corporate Reorganization

During 1984, British Columbia Railway Company, which is 100 per cent owned by the government of British Columbia, together with its wholly-owned subsidiary, BCR Properties Ltd., acquired 100 per cent of the common shares of BC Rail Ltd., a newly-formed corporation. Effective June 19, 1984 BC Rail Ltd. purchased from British Columbia Railway Company all the railway assets except industrial parks and certain undeveloped land which are retained by BCR Properties Ltd.

Operations

Consolidated revenue for the British Columbia Railway Company during 1984 was $256.1 million, an increase of 24.7 per cent over the previous year (*see* Table 4.2). Although freight revenue from the forest products industry was adversely affected by the ten-week closure of pulp mills during 1984, this was more than offset by the revenue generated from the first full year of coal shipments from northeastern British Columbia. The railway handled 200,257 carloadings in 1984, compared with 148,769 in 1983. Consolidated operating expenses during 1984 were $189.2 million, an increase of 14.3 per cent over 1983. Consolidated net income before deferred income taxes and minority interest was $44.0 million, compared to $40.0 million in the previous year. As a taxable Canadian corporation, BC Rail Ltd. (a subsidiary of the British Columbia Railway Company) is required to make provision for income taxes. In accordance with the *Income Tax Act*, a $1.3 million provision for deferred income taxes was made during 1984. After deferred income taxes and dividend payments to preferred shareholders of BC Rail Ltd., consolidated net income for 1984 was $34.3 million.

For the first six months of 1985, the railway reported consolidated operating revenue of $145.3 million, an increase of 36.6 per cent over the same period in the previous year. Consolidated operating expenses rose 26.5 per cent to $105.3 million. Consolidated net income was $20.0 million compared to $10.9 million for the first six months of 1984. The increase in operating revenue is due to increased shipments in relation to the coal and pulp and paper industries.

Table 4.2

British Columbia Railway Summary Income Statement and Operating Data

Fiscal year ended December	1983	1984	Change 1983–1984
	($ thousands)		(per cent)
Operating revenue	205,446	256,108	24.7
Operating expense	165,494	189,199	14.3
Operating income	39,952	66,909	67.5
Interest expense (after debt servicing grant)	2,266	24,515	—
Other income	2,281	1,636	−28.3
Net income before deferred income taxes	39,967	44,030	10.2
Provision for deferred income taxes	—	1,343	—
Minority interest (dividends)	—	8,343	—
Net income	39,967	34,344	−14.1
Number of carloadings	148,769	200,257	34.6
Tons hauled	9,347,107	14,672,412	57.0
Employees at year end	2,600	2,640	1.5
Revenue per main track kilometre ($)	92	114	23.9

Source: British Columbia Railway Annual Report 1984.

Capital Expenditure

Consolidated capital expenditure in 1984 was $66.4 million. To accommodate the railway's growing requirements for a major maintenance and repair facility in north central British Columbia, work began in June 1984 on construction of a new diesel shop in Prince George. Construction cost of the new shop is estimated at $7.8 million with completion expected in the summer of 1985.

Work continued during 1984 on the four-year program for upgrading the mainline between Tacheeda and Prince George. Completion of this project will optimize operating efficiency of the unit coal trains originating at Tumbler Ridge.

Share Capital

During June 1984, BC Rail Ltd., a subsidiary of British Columbia Railway Company, raised $200 million through a public issue of government-guaranteed preferred shares with a 9.25 per cent annual dividend, payable quarterly.

Government Assistance

In recognition of the railway's role as a vehicle for the development of northern British Columbia and as an operator of uneconomic services deemed to be in the provincial interest, the provincial government provides financial assistance to the railway. The provincial government provided debt servicing grants in the amount of $29.4 million for the period January 1, 1984 to June 15, 1984 and operating grants of $5.6 million for the 1984 year.

During June 1984, the provincial government undertook to eliminate the railway's historic debt through a cash payment of $430.0 million into the railway's sinking funds. This amount, together with amounts previously accumulated in the sinking funds, was used to acquire securities issued by the provincial government. These securities were then placed in a trust designed to generate sufficient funds to service and retire the long-term obligations issued by the company. As a result of this debt defeasance, the long-term debt obligations of the company, amounting to $767.6 million, have effectively been satisfied and are no longer reflected in the company's financial statements.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia was established in 1973 to administer Autoplan, a compulsory automobile insurance program providing basic liability coverage and accident benefits to all licenced motor vehicle owners in the province. In competition with other insurance companies, the Corporation also offers a comprehensive range of optional automobile coverage.

During 1984, the Insurance Corporation also offered casualty and property damage coverage to all British Columbians through its general insurance operations. In February 1985 the general insurance division was sold to Cumis Group of Burlington, Ontario.

The Insurance Corporation is self-supporting and has a mandate to achieve a break-even position each year. Total revenue of the Insurance (Motor Vehicle) Act Fund reached $843.6 million for the year ended December 31, 1984. The number of policies in force remained at 1.8 million in 1984. The cost of claims incurred increased 5.5 per cent to $660.4 million and total expenses increased 5.2 per cent to $833.7 million. The fund reported net income of $9.9 million, which compares to net income of $4.3 million in 1983. At the end of 1984, the unappropriated surplus in the fund was $22.4 million.

General insurance operations reported net income of $0.2 million during 1984. Claims and expenses totalled $32.8 million. A summary of operating information is presented in Table 4.3.

Together with government ministries and community organizations, the Insurance Corporation works toward reducing the number and severity of traffic accidents and toward increasing traffic safety awareness.

Table 4.3

Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31.		1983	1984	Change 1983–1984
Autoplan insurance				(per cent)
Vehicle policies		1,833,000	**1,834,000**	—
Premium income	($000)	695,090	**715,254**	2.9
Average premium	($)	379	**390**	2.9
Number of claims for policy year		443,000	**443,000**	—
Cost of claims incurred	($000)	625,674	**660,353**	5.5
Unpaid claims	($000)	762,100	**951,812**	24.9
Expense ratio	(per cent)	15	**15**	—
Other expenses	($000)	166,921	**173,369**	3.9
Investment income	($000)	101,841	**128,330**	26.0
Investments at year end	($000)	898,503	**1,155,808**	28.6
Total assets	($000)	1,064,287	**1,289,573**	21.2
Net income	($000)	4,336	**9,962**	129.8
Average number of employees		2,592	**2,366**	−8.7
General insurance				
Policies written		121,000	**107,000**	−11.6
Net premiums earned	($000)	29,280	**28,780**	−1.7
Number of claims recorded		12,000	**12,000**	—
Cost of claims incurred	($000)	19,335	**19,913**	3.0
Other expenses	($000)	13,083	**12,868**	−1.6
Investment income	($000)	4,346	**4,236**	−2.5
Net income	($000)	1,208	**235**	−80.5
Average number of employees		132	**124**	−6.1

Source: Insurance Corporation of British Columbia Annual Report 1984

British Columbia Ferry Corporation

British Columbia Ferry Corporation was established in 1977 to assume responsibility for operation of the province's major coastal ferries. The corporation, which employs more than 2,000 permanent staff, operates one of the largest ferry systems in the world, as measured by traffic carried and routes serviced. The fleet of 25 vessels operating on 15 routes has a capacity of 4,400 cars and a licenced capacity of 20,000 passengers. Routes connect the Lower Mainland, Sunshine Coast, Vancouver Island and the Gulf Islands. In addition, service is offered between Prince Rupert and Port Hardy and between Prince Rupert and Skidegate on the Queen Charlotte Islands. Chartered services for passengers and light freight are also provided for communities on the west coast of Vancouver Island and between Prince Rupert, Port Simpson and Kincolith. Drop-trailer service for unaccompanied commercial vehicles is also provided between Prince Rupert and Skidegate.

Operations

Net operating revenue for the fiscal year ended March 31, 1985 totalled $116.5 million, an increase of 4.7 per cent from the previous year. Operating expense totalled $125.3 million, a decline of 5.4 per cent. The operating costs of the corporation are partially funded by the provincial government. In both 1983/84 and 1984/85, the provincial subsidy was $43.0 million. The corporation reported a net loss of $2.0 million during 1984/85 compared to a net loss of $15.0 million for the previous year. A summary income statement is provided in Table 4.4. The corporation has the authority to borrow up to $250 million, which may be guaranteed by the provincial government. At March 31, 1985 the corporation had $43.2 million in outstanding debt.

Capital Expenditure

During 1984/85 the corporation spent $12.5 million on capital projects. Of this amount $8 million was spent on the completion of the second deck on the M.V. "Queen of Alberni". The upper-level loading ramp and improvements to the Langdale Terminal cost $2 million and another $1.7 million was spent on upgrading various other terminals.

Table 4.4

British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31,	1984	1985	Change 1984–1985
	($ millions)		(per cent)
Net operating revenue	111.3	116.5	4.7
Operating expense	132.5	125.3	−5.4
Operating loss before subsidy	21.2	8.8	−58.5
Provincial subsidy	43.0	43.0	—
Income from operations	21.8	34.2	56.9
Interest expense	6.2	5.2	−16.1
Depreciation	30.6	31.0	1.3
Net loss	15.0	2.0	−86.7
Traffic	(thousands)		
Vehicles	4,483	4,460	−0.5
Passengers	12,398	11,913	−3.9
Capacity utilization (annual average)	(per cent)		
Vehicles	56	59	
Passengers	25	28	

Source: British Columbia Ferry Corporation Annual Report 1984/85.

British Columbia Transit

British Columbia Transit was established in 1978 to ensure a uniform provincial policy for urban transit. This policy provides for financial planning and technical assistance, and an equitable sharing of operating costs between the provincial government and local municipalities.

British Columbia Transit began operations in several British Columbia communities on April 1, 1979 and now has annual operating agreements with 26 transit systems. Operations are financed through transit fares, contributions from the provincial government and municipal contributions, which may be raised through property taxation, an electrical power levy or a surcharge on gasoline.

An important part of British Columbia Transit's mandate is to provide a unified approach to such major transit functions as the management of land, buildings, vehicles and merchandising programs. This includes a provincial fleet of 1,400 vehicles, two Sea-Bus ferries and numerous other physical assets, including transit exchanges and garages.

A reorganization of transit responsibilities occurred in 1985. Under amendments to the *British Columbia Transit Act* enacted in 1985, all property, obligations, rights and staff functions of the Metro Transit Operating Company, the company which formerly operated the transit system in Greater Vancouver and Victoria, were transferred to British Columbia Transit.

British Columbia Transit has overall responsibility for the construction of a major urban transit project in Greater Vancouver, the 22 kilometre rapid transit line (ALRT) between downtown Vancouver and New Westminster. The ALRT project is scheduled for completion in 1986, at a cost (before interest charges) of $854 million (*see* topic box entitled ALRT for details).

British Columbia Transit also funds transportation for those who are unable to use conventional public transit vehicles. A custom transit service known as handyDART currently operates in Greater Vancouver, Victoria, Port Alberni, Maple Ridge, Abbotsford-Matsqui, Kamloops, Penticton, Kelowna, Vernon and Prince George. A third transit program, paratransit for rural and less densely populated areas, operates in nine communities.

British Columbia Transit operations were affected during 1984/85 by a labour dispute which lasted for three months. Operating expenditure was $164.7 million, a decrease of 7.0 per cent from 1983/84. Recoveries from transit operations totalled $56.9 million, with the resulting deficit being cost-shared by the participating municipalities and the provincial government (*see* Table 4.5).

Table 4.5

British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31,	1984	1985	Change 1984–1985
	($ thousands)		(per cent)
Expenditures			
Transit operations	172,441	[illegible]	−7.2
Administration	4,599	4,715	2.5
	177,040	[illegible]	−7.0
Recoveries			
Contributions from the provincial government	77,320	[illegible]	−15.4
Contributions from municipalities	32,117	[illegible]	31.9
Transit operations	67,603	[illegible]	−15.8
	177,040	[illegible]	−7.0

Source: British Columbia Transit.

ALRT

Construction of the $854 million Advanced Light Rapid Transit (ALRT) system is nearing completion with the start of passenger service for the 22 kilometre line between Vancouver and New Westminster scheduled for January 1, 1986. The last of 1,044 precast concrete guideway beams was put into place in January, 1985 and within two months, the first of the system's 114 automated vehicles was undergoing testing and commissioning. Planning is also in place for a major reorganization of the bus system in much of the Vancouver region to feed into the new rapid transit system. An integrated transit system, combining buses, electric trolleys, Sea-Bus across Vancouver harbour and ALRT, is important to the success of the project, as four out of five ALRT passengers are expected to use another component of the transit system for part of their journey.

Employment and Development Effects

During the five years since the inception of the project in December, 1980, the planning, design, engineering and construction phases have created 1,700 years of direct employment and, when completed, ALRT will provide about 200 permanent jobs for technicians, train attendants, train controllers and maintenance staff.

The system will also act as a catalyst for development along the line. A study prepared for British Columbia Transit estimated the potential for developing up to 10,000 residential dwelling units around the suburban stations. Major commercial developments are also expected to emerge around the stations. Two large shopping centre developments are proceeding adjacent to Metrotown, the focus for the municipality of Burnaby's regional plan, in part because of the proximity of the rapid transit line.

System Capacity and Flexibility

When the system goes into operation in January, 1986, it will have an initial carrying capacity of about 5,600 passengers per hour. During Expo 86 a shuttle service will carry people between the main British Columbia site on False Creek and the Canadian pavilion on Burrard Inlet. After the world's fair, the system's capacity will be increased as more of the bus network is connected to the rapid transit stations.

Financing

The provincial government will directly fund $275 million of the capital cost, equivalent to 50 per cent of the cost of building the guideway on which trains will operate, since the rapid transit line reduces the need for future expansion of the region's inter-municipal highway system. The government of Canada provided a $60 million grant towards the cost of the vehicles and the special one kilometre demonstration section. The balance of the vehicle capital costs will be financed through long-term leases and the remaining capital costs, including 50 per cent of the cost of the guideway, will be financed by graduated payment, long-term borrowing. Under this type of borrowing, debt service payments increase annually, consistent with the increased financial capacity of the system to bear these costs through growth in ridership and fare levels.

The annual payments under the long-term financing for ALRT, together with the operating costs for the rapid transit line, Sea-Bus and conventional and custom bus services, will be shared by the provincial government, municipalities and riders based on a new funding formula. Under this formula, passenger fares will cover 35 per cent of the costs in 1986/87, rising to a 42 per cent share by 1989/90. The transit deficits will be shared 60 per cent by the provincial government and 40 per cent by the municipalities, who raise their share of the deficits through a combination of special levies on gasoline tax, surcharges on residential British Columbia Hydro billings and non-residential property tax levies.

While the first-phase line is almost complete, engineering work has started on a six kilometre extension from New Westminster across the Fraser River to Surrey.

British Columbia Petroleum Corporation

British Columbia Petroleum Corporation was established in 1973 to market natural gas produced in British Columbia. Pursuant to an agreement signed in that year, the corporation purchases gas from producers and sells it to Westcoast Transmission Company Limited. Under this agreement, Westcoast transferred its British Columbia gas purchase contracts to the corporation, but retained responsibility for gathering and transporting gas and for selling it to domestic utilities and to the Northwest Pipeline Corporation in the United States. Westcoast retains its cost of service, including a return on its rate base, from the proceeds of gas sales and transfers the balance to the corporation.

Prior to the implementation of the new natural gas marketing system on July 1, 1985 the corporation deducted its administrative costs and payments to producers, and transferred the remaining balance to the provincial government. Under the new natural gas marketing system, however, the producers now pay a royalty on the revenue that they receive from the sale of gas and therefore revenue from the resale of gas no longer accrues to the corporation.

The corporation's net income for the year ended March 31, 1985 amounted to $140.0 million, a decrease of 14.1 per cent from the previous year. Revenue from sales of natural gas totalled $543.7 million compared with $565.0 million in the previous year. Gas purchases amounted to $404.9 million compared with $402.3 million in the prior year. A summary statement of income and retained earnings is provided in Table 4.6.

Table 4.6

British Columbia Petroleum Corporation Statement of Income and Retained Earnings

Fiscal year ended March 31,	1984	1985	Change 1984–1985
	($ thousands)		(per cent)
Revenue—gas sales	564,961	543,652	−3.8
Expenses			
Gas purchases	402,258	404,889	0.7
Administrative and general expenses	1,708	1,945	13.9
	403,966	406,834	0.7
Income from operations	160,995	136,818	−15.0
Other income	2,062	3,195	54.9
Net income	163,057	140,013	−14.1
Add: Retained earnings at beginning of year	63,535	82,892	30.5
Deduct: Transfers to Minister of Finance	143,700	87,000	−39.5
Retained earnings at end of year	82,892	135,905	64.0

Source: British Columbia Petroleum Corporation Annual Report 1984/85.

Domestic gas sales increased by 5.3 per cent during the year to 6,781 million cubic metres. Export sales declined by 7.5 per cent to 1,866 cubic metres despite a reduction in price of approximately 25 per cent. The increase in domestic sales revenue was insufficient to offset the decline in export revenue.

Under its gas purchase contracts with producers, the corporation is obligated to purchase and take delivery of, or pay for, a specified minimum annual volume of gas. In the contract years 1980-1984 inclusive, the corporation was unable to take delivery of the minimum volume of gas and, therefore, is liable to pay for the resulting shortfall (deficiency gas). The corporation is entitled to take delivery of deficiency gas within a period of ten years from the date incurred, with an adjustment for the prices prevailing when such gas is delivered.

In 1984, all but eight of the gas producers with whom the corporation has contracted agreed to a reduction in the corporation's minimum annual volume obligation. Based on the agreements that have been reached with producers for a reduced obligation in 1984, the corporation's accumulated deficiency gas amounted to $112.1 million at March 31, 1985.

During the year 1984/85, the Government of British Columbia announced the restructuring of the province's natural gas industry. This resulted in the implementation of a new gas marketing system, effective July 1, 1985 under which producers are permitted to contract for the sale of their production to purchasers other than the British Columbia Petroleum Corporation. Under this new system, producers are required to pay the provincial government a royalty on the revenues they receive from the sale of gas.

In late 1984, the corporation participated in the hearing conducted by the National Energy Board regarding the method of regulation for Westcoast Transmission Company Limited. The Board, in a decision dated April 1985, required Westcoast to restructure its toll charges over a two-year period to more accurately reflect both the fixed and variable costs of transporting gas and to file an application with the Board for new tolls.

Pricing

On August 1, 1984 the provincial government increased the wholesale price of natural gas paid by the domestic utilities in British Columbia by the equivalent of 6.8 cents per gigajoule. A further increase of 14 cents per gigajoule was implemented on June 1, 1985 and an additional 11 cents per gigajoule was added to the wholesale price on August 1, 1985. As of this latter date the average domestic wholesale price was $2.66 per gigajoule.

A new two-part export selling price was implemented on November 1, 1984 which provides for a monthly demand charge of $6 million (U.S.) and a commodity charge equalling $2.59 (U.S.) per gigajoule. Beginning April 1, 1985 the commodity charge was adjusted on a quarterly basis to an amount equal to 65 per cent of the average of the weekly high and low bunker "C" fuel oil prices in the Washington area. The new two-part price resulted in a delivered selling price at the International Border of approximately $3.18 (U.S.) per gigajoule.

Table 4.7

Recent Changes in the Export Price of Natural Gas

Date	Price Per Gigajoule[1]	Price Per MMBTU[1]
	($ US)	
Prior to May 1, 1979	2.00	2.14
May 1, 1979	2.14	2.30
August 11, 1979	2.61	2.80
November 3, 1979	3.22	3.45
February 17, 1980	4.17	4.47
April 1, 1981	4.60	4.94
April 12, 1983	4.10	4.40
November 1, 1984	3.18[2]	3.41[2]

[1] The gigajoule and MMBTU (million British thermal units) are used to measure the energy equivalence of various fuels (1 MMBTU = 0.935 GJ).

[2] Approximate price due to two-part pricing formula.

British Columbia Development Corporation

The British Columbia Development Corporation was established in 1973 to encourage economic growth and development in British Columbia by assisting in the establishment, expansion and continued operation of industry in the province.

The corporation has authorized capital of $200 million and a limit on its total guarantees, debt and capital structure of one billion dollars. At March 31, 1985 the issued share capital was $54.6 million and its outstanding debt, guaranteed by the province, was $169.1 million.

Table 4.8

Activities of the Business Finance Division, British Columbia Development Corporation

Major Loan and Guarantee Approvals for year ended March 31, 1985			B.C.D.C. Loan Participation		Employment	
Industry Groups	Clients	Total Client Expenditure	Direct	LILA	Created	Preserved
		($ millions)				
Food and beverages	29	9.7	3.4	1.9	140	121
Wood products	21	13.4	3.5	1.8	371	113
Printing and allied industries	16	6.3	2.2	1.1	39	125
Metal products	27	6.9	1.5	1.9	124	111
Transportation equipment	3	1.5	0.2	0.4	60	—
Electrical apparatus	4	1.2	0.4	0.4	89	8
Scientific apparatus	5	62.4	28.4	0.3	426	—
Building products	11	5.0	1.3	0.9	75	75
Furniture	6	2.6	0.3	0.8	28	15
Plastic products	10	2.8	1.2	0.8	59	—
Clothing and allied industries	4	1.1	0.1	0.4	7	22
Miscellaneous manufacturing	4	1.1	0.4	0.4	16	—
Total by Industry Group	140	114.0	42.9	11.1	1,434	590
Refinancing of LILA Program[1]	20	1.2	1.1	—	—	—
Total	160	115.2	44.0	11.1	1,434	590

Source: British Columbia Development Corporation.

[1] During 1984/85 certain LILA loans that came due under the terms of the trust agreement were refinanced with direct funds.

The Business Finance Division of the corporation provides loans to industrial enterprises to assist in their establishment, expansion and continued operation. In the 1984/85 fiscal year, the corporation approved 232 loans and guarantees to 160 clients, totalling $55.1 million. This was used to partially fund total client investment expenditure of $115.2 million. Included in the $55.1 million in approvals were 122 loans totalling $11.1 million under the Low Interest Loan Assistance (LILA) program. The LILA program is administered by the corporation as trustee for the provincial government.

At March 31, 1985 the corporation's total loan portfolio was approximately $140 million.

The corporation's Land and Projects Division undertakes special assignments to meet specific needs of the provincial government. The division is participating in urban renewal programs in New Westminster (Westminster Quay) and North Vancouver (Lonsdale Quay); the development of a 150-hectare industrial park and shipping terminal at Duke Point in Nanaimo; and the coordination and selection of sites for major proposed LNG (liquified natural gas) and petrochemical facilities expected to be established near Prince Rupert.

The corporation has industrial land holdings of more than 3,700 hectares throughout the province, as well as 1,620 hectares in land transferred in 1983 from British Columbia Harbours Board. The corporation also acts as agent in the provision of Crown land for suitable industrial purposes. At March 31, 1985 investment in industrial land and projects was $102.7 million.

Total revenue for 1984/85 was $26.8 million, an increase of 34.6 per cent from 1983/84. Expenses, including cost of land and projects sold, increased by 36.1 per cent to $40.4 million. After providing $22.9 million for the write-down of the cost of land and development projects and $2.6 million for losses on loans, the corporation's net loss for the year was $39.1 million. A summary income statement for the corporation is provided in Table 4.9.

Table 4.9

British Columbia Development Corporation Summary Income Statement

Fiscal year ended March 31,	1984	[redacted]	Change 1984–1985
Revenue—Industrial development programs	($ thousa	[redacted]	(per cent)
Land and development project sales	6,731	[redacted]	100.7
Loans and guarantees	9,732	[redacted]	0.6
Lease financing	705	[redacted]	1.6
Other	2,716	[redacted]	1.4
Total	19,884	[redacted]	34.6
Expenses	29,659	[redacted]	36.1
Provision for write-down of land and development	8,535	[redacted]	168.7
Provision for losses on loans	2,976	[redacted]	− 14.1
Net loss for the year	21,286	[redacted]	83.7

Source: British Columbia Development Corporation.

British Columbia Place Limited

British Columbia Place Ltd., incorporated in March, 1980, is responsible for the redevelopment of more than 73 hectares of land on the north shore of False Creek in Vancouver. Development is to take place over a 25-year period and will include a full range of residential accommodation, office and commercial space, a multipurpose stadium and more than 34 hectares of parks and other public activities. On completion, approximately 20,000 people are expected to live at British Columbia Place in 10,000 to 14,000 housing units and 30,000 people will work in 7.7 million square feet of commercial space.

The first stage of the project was the completion of British Columbia Place Stadium, a 60,000-seat covered amphitheatre. Overall attendance for stadium events during the 1984/85 fiscal year was 1.7 million, bringing the total attendance since it opened in June, 1983, to 3.8 million.

The Southeast Granville Slopes neighbourhood, the first of ten distinct neighbourhoods, was offered for lease in 1984 with residential, hotel and commercial opportunities.

The construction of a 130-bed intermediate care facility, Yaletown House, is underway. This is a joint federal-provincial initiative with British Columbia Place providing the land package at less than market value in the Yaletown neighbourhood.

More than 70 per cent of the total False Creek lands will be used for Expo 86. British Columbia Place is building the British Columbia Pavilion complex and is also managing the restoration of the former CPR Roundhouse in time for the exposition.

Profits obtained through leasing of land will accrue to the provincial government which retains full ownership of the corporation.

The corporation reported a net loss of $3.9 million for 1984/85, compared to a net loss of $0.2 million for the previous year.

Expo 86 Corporation

Expo 86 Corporation is responsible for planning, developing and hosting the 1986 World Exposition on Transportation and Communication to be held in Vancouver from May 2 to October 13, 1986. Located on two sites totalling 70 hectares adjacent to downtown Vancouver, Expo 86 will have approximately 80 pavilions.

Most of the Exposition site is located on land which forms part of the larger British Columbia Place development. After the conclusion of Expo 86, any improvements to the site will revert to British Columbia Place Limited and form a part of its overall development strategy.

Permanent legacies will include the British Columbia Pavilion complex as a permanent community and exhibition centre, the Expo Centre, the historic Roundhouse, extensive foreshore and landscaping development and a trade and convention centre which is being constructed as the federal pavilion on Burrard Inlet (*see* topic box entitled Expo 86 for details).

Expo 86

Expo 86, the world exposition on transportation and communication to be held in Vancouver from May 2 to October 13, 1986 is expected to be the biggest single public event to occur in Canada from now until the end of the century. It will involve 80 pavilions, including those of more than 40 countries. More than 25 corporations will also take part in Expo, as official suppliers and sponsors.

The exposition is set on a 70 hectare site in the False Creek area of downtown Vancouver. The Expo Centre, which makes up one-eighth of the site, opened on May 2, 1985 and received over 347,000 visits in its first three months of operation.

Expo 86 is only the second world exposition to be devoted to the theme of transportation and communication. The first was held in 1965 in Munich, West Germany. During Expo 86, 14 special time-periods will be designated to focus on specific aspects, such as aviation, communication, trucks and intercity buses.

Impact on the Economy

Including all national, international and corporate participants, $1.5 billion will be spent to build and operate Expo 86. It is estimated that the exposition will create nearly $4 billion in economic activity in Canada, including almost $3 billion in British Columbia. Expo is expected to generate approximately $400 million in additional tax revenue for the federal and provincial governments. Tourism, in particular, will receive a substantial boost from Expo 86. There will also be $84 million of "permanent physical legacies" such as Canada Place, the B.C. Pavilion, the renovated Round House, the Expo Centre and site improvements to B.C. Place.

Expo will also provide an estimated 60,000 person-years of direct employment. Additionally, there will be off-site Expo-related jobs created, many as a result of the 80 volunteer community committees working throughout the province to actively promote Expo 86 and tourism in British Columbia.

Costs and Financing

A primary goal of Expo 86 Corporation, the organization set up to handle the exposition, is to provide a world class exposition at no cost to the taxpayers of British Columbia. Of the $1.5 billion to be spent by all participants to build and operate Expo 86, the Corporation's share is estimated to be slightly more than $800 million. Although the marketing goal is 15 million visits, the financial plan is based on an estimate of 13.75 million visits, yielding projected revenues of almost $500 million.

Expo 86 Corporation's remaining requirement of approximately $300 million can be met from funds committed by Loto 6/49 through to the year 1989/90 ($250 million), and from tax revenues expected to be received by the provincial government as a result of Expo 86 ($120 million).

The results of initial marketing of season and three-day passes to Expo 86 have been highly successful.

British Columbia Steamship Company (1975) Ltd.

British Columbia Steamship Company (1975) Ltd. is incorporated under federal legislation and operates a daily, round-trip ferry service between Seattle, Washington, and Victoria, British Columbia, between May and September. The corporation's sole vessel, the 'Princess Marguerite', is licenced to carry 1,800 passengers and 50 automobiles.

In 1984, the company reported a net loss of $0.5 million after depreciation and interest, compared to a net loss of $1.2 million in 1983.

During 1984, traffic carried totalled almost 300,000 passengers and 15,000 automobiles.

British Columbia Housing Management Commission

In 1984, British Columbia Housing Management Commission was responsible for managing 7,776 rental units in which subsidies were provided to reduce rents to 30 per cent of tenants' incomes. Similar rent supplements were also made available to 12,583 non-profit and designated private sector housing units. This included 273 units for housing physically and mentally disabled persons.

The provincial contribution to the commission in 1984 was $12.5 million, while the Canada Mortgage and Housing Corporation contributed $16.2 million.

Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation, which was acquired in 1973, is incorporated under the *Company Act* and is wholly owned by the provincial government. The corporation is self-supporting and holds all public rental housing on behalf of the Ministry of Lands, Parks and Housing. At December 31, 1984 net investment by the corporation in these rental properties totalled $76.2 million.

British Columbia Buildings Corporation

British Columbia Buildings Corporation is a Crown corporation established in 1976 to bring strict accountability to the provision and allocation of government accommodation. The corporation is self-supporting, raising operating funds by charging rent to government ministries based on equivalent rates in the commercial marketplace.

Net income of the corporation in 1984/85 was $4.4 million compared to $8.5 million in the previous year. Revenue increased by 3.2 per cent while operating expenses increased by 3.0 per cent. Interest expense increased by 11.3 per cent due primarily to the full-year impact of debt incurred during the previous year and an increase in foreign exchange losses. The corporation paid a dividend to the provincial government of $4.4 million during 1984/85.

The corporation's income statement is presented in Table 4.10.

Table 4.10

British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31,	1984	1985	Change 1984–1985
	($ millions)		(per cent)
Revenue			
Rentals	217.1	216.4	−0.3
Other income	10.0	17.9	79.0
	227.1	234.3	3.2
Expenses			
Property management	56.3	58.7	4.3
Leases	45.2	44.5	−1.5
Depreciation and amortization	25.3	26.1	3.2
Utilities	16.7	16.8	0.6
Property taxes and grants	9.5	10.8	13.7
General and administrative	9.0	10.0	11.1
	162.0	166.9	3.0
Net income before interest	65.1	67.4	3.5
Interest	56.6	63.0	11.3
Net income	8.5	4.4	−48.2

Source: British Columbia Buildings Corporation.

British Columbia Systems Corporation

British Columbia Systems Corporation was established in 1977 to consolidate and rationalize data processing services provided to the government. In 1984/85, the corporation received 95 per cent of its revenues from provincial government ministries, and the balance from other government entities for which it provides data processing services.

The government is reorganizing the activities of the corporation and the data processing function in government to place a greater emphasis on contracting services from private firms and to encourage the growth of the high technology sector in British Columbia.

In line with this direction, the corporation awarded a facilities management contract to a private sector company, owned and operated by former employees of the corporation, which will provide the corporation with management services related to the operation of its main computer.

The corporation reported a net loss in 1984/85 of $1.4 million, unchanged from the previous year.

British Columbia School Districts Capital Financing Authority

As the marketing agency for the capital funding requirements of school districts, this authority raised $54.0 million in the 1984/85 fiscal year. Since 1963, almost $1.6 billion has been provided to school districts by the authority, all guaranteed by the province. The net debt outstanding at March 31, 1985 was $977.9 million.

British Columbia Regional Hospital Districts Financing Authority

As the marketing agency for the capital funding requirements of regional hospital districts, this authority raised $52.4 million in the 1984/85 fiscal year. Since 1967, almost $1 billion has been provided to regional hospital districts by the authority, all guaranteed by the province. The net debt outstanding at March 31, 1985 was $748.5 million.

British Columbia Educational Institutions Capital Financing Authority

The authority is the marketing agency for the capital funding requirements of universities, colleges and provincial institutes. Borrowing of $21.5 million was undertaken in the 1984/85 fiscal year. Since 1978, over $400 million has been provided to educational institutions by the authority, guaranteed by the province. The net debt outstanding at March 31, 1985 was $390.1 million.

Liquor Distribution Branch

The Liquor Distribution Branch of the Ministry of Consumer and Corporate Affairs, operating under the *Liquor Distribution Act*, is responsible for the distribution and retail sale of alcoholic beverages in British Columbia. The purposes of the branch are to provide a high level of service to consumers, to provide suppliers with a controlled and equitable access to the market, to raise revenue for the government and to encourage responsibility in the use of alcohol.

During 1984/85 one store was opened, two were closed, one replaced and one renovated. At year end, there were 216 government liquor stores, 94 rural agency stores and 18 industry agency stores. Approximately 1,890 products, including specialty items, were offered for sale.

Net income was $353.7 million for the 1984/85 fiscal year, up 1.2 per cent from the previous year. Summary financial information is presented in Table 4.11.

Table 4.11

Liquor Distribution Branch Summary Income Statement

Fiscal year ended March 31,	1984	1985	Change 1984–1985
	($ millions)		(per cent)
Sales	857.5	887.2	3.5
Cost of merchandise sold	462.6	483.3	4.5
	394.9	403.9	2.3
Provincial malt levy[1]	50.8	51.0	0.4
	445.7	454.9	2.1
Operating expenses	99.9	103.1	3.2
	345.8	351.8	1.7
Other income	3.7	1.9	−48.6
Net income	349.5	353.7	1.2

[1] The provincial malt levy represents the margin on sales made directly to licensed establishments by authorized brewers' agents on behalf of the Liquor Distribution Branch.

Source: Liquor Distribution Branch.

Provincial Capital Commission

Since its origin in 1956 the commission has expended or committed in excess of $7.75 million on improvement projects in cooperation with the municipalities of Victoria, Esquimalt, Saanich, Oak Bay, Sidney, North Saanich and Central Saanich.

Of the 90 projects undertaken over the past 28 years, 28 have involved the Victoria Inner Harbour where investment has exceeded $3.75 million. Other projects of note include involvement with major parts of the Scenic Drive, the Gorge Waterway, Bowker Creek, the Colquitz River Park and Beacon Hill Park.

Major ongoing responsibilities include operation of the Crystal Garden and St. Ann's Academy in Victoria.

5. Provincial Programs for People

Provision of Social Services

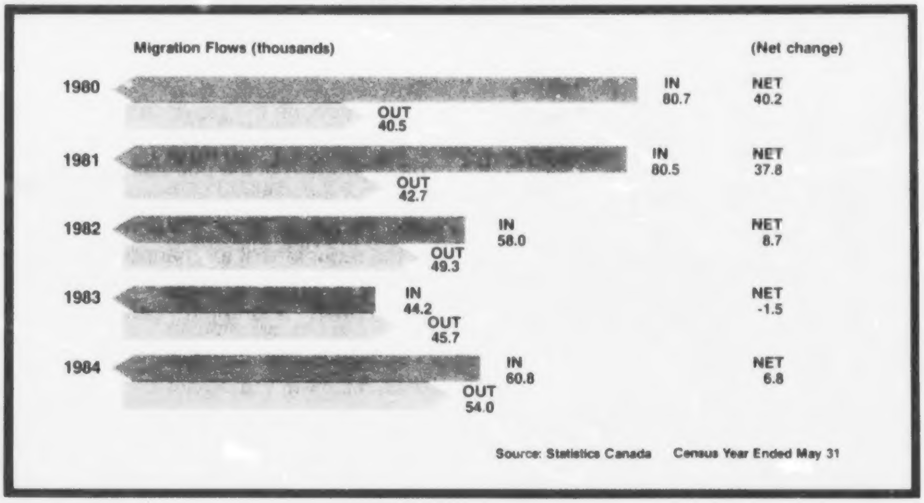
The provincial government provides a wide range of social services, including programs for health, education, income assistance, housing, justice, recreation and culture. The cost and type of programs provided are strongly influenced by the size of the provincial population and by its demographic characteristics. Changes in the age structure and size of the population affect the education system, health-care requirements, need for shelter, job retraining needs, programs for the elderly and a range of other government services.

Population and Migration

British Columbia's population at June 1, 1984 was estimated at 2,865,000, up 1.6 per cent from the previous year. This compared to a population growth rate of 1.0 per cent for Canada as a whole.

Traditionally, British Columbia has experienced population growth well above the national average. The province's population grew at a 2.3 per cent annual rate between 1971 and 1981 compared to a 1.2 per cent annual rate for Canada. As a result, the province's share of national population increased from 10.1 per cent in 1971 to 10.7 per cent in 1976 and 11.3 per cent in 1981.

Chart 5.1 British Columbia Interprovincial Migration (Census Basis)



Source: Statistics Canada Census Year Ended May 31

Much of the slowdown in the rate of population increase in recent years is due to a decline in net interprovincial migration, and reflects a reduction in provincial job opportunities since 1981. During the year ended May 31, 1984 (1984 census year), net migration to British Columbia from the rest of Canada totalled 6,800 persons. This compares to a net outflow of 1,500 persons for 1983, but is far below the peak inflows of approximately 40,000 recorded during 1980 and 1981 (*see* Chart 5.1).

Net international migration has also declined steadily since 1981, falling to 7,500 during the 1984 census year from a high of approximately 18,000 during 1981. The combined effect was a net inflow of 14,300 people to the province in the 1984 census year, up 9.2 per cent from the previous year.

Natural increase (births minus deaths) for the 1984 census year showed an increase over 1983, due entirely to an increase in the number of births, from 41,900 during the 1983 census year to 43,000 in 1984. The British Columbia birth rate increased to 15.0 per 1,000 population in the 1984 census year from 14.6 in 1983 but is still lower than the Canadian average. The mortality rate was unchanged at 7.0 per 1,000 population.

Demographic Structure

Changes in birth rates in recent years have had an important impact on the demographic structure of the province. Much of the variation in the number of persons in age groups is directly attributable to the effects of the post-war baby boom; that is, of the population born between 1946 and 1959.

In 1984, the group aged 15 to 34 in British Columbia comprised an estimated 34.2 per cent of the population. By contrast, in 1971 the 15-34 age group comprised only 31.1 per cent of the population. During the same period, the percentage of persons aged 5 to 14 fell from 19.9 per cent to 13.6 per cent of the province's population.

This passing of the baby boom group through the province's demographic structure has significantly affected the demands for public services. In the late 1960's and early 1970's, the large proportion of the population accounted for by this group led to increased pressure on educational institutions. As the baby boom group has aged and entered the labour force, the demand for educational facilities has been reduced while the requirement for manpower planning and job retraining has increased. As the baby boom group ages, it can be anticipated that there will eventually be an increased need for long-term care and health related services.

Health Programs

In the 1984/85 fiscal year, almost $2.9 billion was allocated to provincial health programs, including planning and development programs for 28 regional hospital districts and community health service programs in 21 health units. The Ministry of Health funds all 127 public hospitals and three government institutions in the province, and operates medical insurance and other related programs.

Hospital Programs

The 1984/85 gross operating expenditure for the province's acute care, rehabilitation and extended care hospitals was approximately $1.5 billion. This expenditure was funded almost entirely through direct provincial government contributions, with the exception of receipts from such charges as co-insurance fees assessed to patients, per diem fees billed to other provinces and payments by the Medical Services Plan.

During 1984/85 approximately 410,000 acute/rehabilitation patients were discharged from the province's hospitals. The average hospital stay was 7.7 days at an average cost of $318 per day. Acute/rehabilitation patients received a total of 3.4 million days of care, 97 per cent of which were covered by hospital benefit programs. The average hospital stay for an extended care patient was 419 days at a cost of $84 per day in a free-standing extended care facility, and $68 per day in an extended care unit of an acute/rehabilitation hospital. Extended care patients received 2.5 million days of care.

In 1984/85, 15 major hospital capital projects were completed, at an estimated cost of $91 million. The largest of these was the A. Maxwell Evans Clinic to be operated by the Cancer Control Agency of British Columbia in Vancouver. Seven projects are currently under construction, involving a capital cost anticipated at $90 million. A further 37 projects with an estimated total cost of $525 million have been approved for planning. These capital costs are shared by the provincial government and the regional hospital districts, with the government contributing approximately 60 per cent of approved costs. A total of $28 million was also allocated for hospital equipment acquisition during 1984/85.

Medical Services Plan

The Medical Services Plan of British Columbia provides comprehensive medical care coverage on a voluntary basis to residents of the province. The basic coverage includes services by physicians and surgeons, certain in-hospital surgery performed by oral or dental surgeons and specified, limited services of nurse practitioners, chiropractors, naturopathic physicians, optometrists, orthoptic technicians, physiotherapists, podiatrists and orthodontists.

The Medical Services Plan is financed through subscribers' premiums and provincial contributions. (Premium rates are listed in Appendix 5.) Total expenditure of the Medical Services Commission during 1984/85 was $891 million. Approximately 37 per cent of the expenditure was met from subscriber premiums with the balance obtained from provincial government contributions, including premium assistance for low-income residents. Premium assistance is available in the form of a 90 per cent subsidy to eligible subscribers whose taxable income in the previous year was below $2,030 and a 50 per cent subsidy to those whose taxable income was between $2,030 and $2,980. In addition, temporary premium assistance in the form of a 90 per cent subsidy is available to those unable to meet premium charges due to illness, disability, unemployment or financial hardship.

At March 31, 1985 the Medical Services Plan covered more than 1.4 million subscribers with approximately 1.5 million dependents. Coverage of these persons, and coverage by the federal government of other residents such as Armed Forces personnel, provided more than 99 per cent of British Columbians with the protection of prepaid medical care programs.

Preventive Services

Health districts in non-metropolitan areas throughout the province offer a wide range of preventive and public health services. Public health nursing, dental care, speech and hearing services, communicable disease control, public health inspection services and nutrition and health promotion services are made available to all residents through schools, clinics and other community settings. The Capital Regional District and five Greater Vancouver municipalities each operate their own public health departments, which receive consultative and specialized services, as well as financial assistance, from the provincial government. These preventive services are supported by laboratory and other resources operating from Vancouver. During 1984/85, expenditures totalled $44 million.

Continuing Care Program

The Continuing Care Program is available throughout the province to persons who, as a result of health-related problems, can no longer function independently. The Home Care Program is designed to help eligible individuals remain in their own homes, and provides care to persons discharged from acute care hospitals. When this is no longer possible, admission to a community care facility or extended care hospital is initiated. The program funds profit and non-profit long term care facilities. During 1984/85, Continuing Care Program expenditure was approximately $290 million.

At March 31, 1985, there were 16,840 residents in long-term care facilities and 7,019 residents in extended care units. During 1984/85, the Home Nursing Care and Community Physiotherapy programs provided services to approximately 53,000 patients. During the same period 29,000 long-term care clients received a total of 4.7 million hours of service through group homes for the disabled, adult day-care or homemaker agencies.

Emergency Health Services Commission

The Emergency Health Services Commission is responsible for the provision of ground ambulance service, coordination of air ambulance service and training of ambulance personnel. The commission is empowered under the *Health Emergency Act* to establish, equip and operate various emergency health care services, provide temporary physician coverage, take responsibility for the medical aspects of disaster planning and improve communication systems for emergency health services. The commission is also responsible for updating and relocating federal emergency medical stores throughout British Columbia.

The commission currently operates 364 ambulances from 163 centres throughout the province. In addition, the commission has contracts with 20 fire departments to provide localized ground ambulance service. In 1984, the commission responded to 213,882 land calls, including hospital transfers. The commission also authorized 4,465 air ambulance flights. Expenditure of the commission during 1984/85 was approximately $50 million.

Forensic Psychiatric Services Commission

The Forensic Psychiatric Services Commission provides consulting and assessment services to the courts and treatment to mentally disordered persons referred by court order. The commission operates the Forensic Psychiatric Institute in Port Coquitlam, clinics in Vancouver and Victoria and travelling clinics throughout the province. During 1984/85, 965 assessments were performed, a decrease of 26.2 per cent from the previous year. The commission also operates the Maples Adolescent Treatment Centre, a facility for psychiatrically disturbed adolescents. In 1984/85 the expenditure of the commission totalled $15 million.

Mental Health Services

The Mental Health Services Program provides a wide range of support to residents with mental health problems. Direct services are delivered through Riverview Hospital, Valleyview Hospital, Burnaby Psychiatric Services, 31 mental health centres and 20 sub-offices throughout the province. The division also coordinates related services delivered through other branches and ministries as well as through private agencies, including therapeutic work and volunteer programs and achievement centres. It also administers a grant to the Greater Vancouver Mental Health Service. In 1984/85, there were approximately 26,000 cases treated on an out-patient basis, 1,805 separations from in-patient facilities, and 545,507 patient days in specialized mental health residential care facilities. Expenditure of the Mental Health Services Program during 1984/85 was almost $109 million, including expenditure of Valleyview Hospital.

Alcohol and Drug Programs

Alcohol and drug programs provide a full range of treatment to individuals who suffer from alcohol or drug dependency. The ministry administers out-patient and detoxification services in many centres. Where treatment services cannot be offered directly, the program provides funding to community agencies to deliver treatment. Expenditure on alcohol and drug programs during 1984/85 was approximately $19 million.

Education Programs

The Ministry of Education provides overall management of the school system, while direct administration is provided by local boards of trustees in the province's 75 school districts. In the 1984/85 fiscal year, $1.7 billion was allocated by the provincial government to 1,562 schools with more than 491,000 pupils. The net amount raised through local school taxes was $400 million. In addition, $23 million was provided in 1984/85 for 150 independent schools with approximately 24,000 pupils.

Universities, Colleges and Institutes

During 1984/85, approximately $328 million was provided for the operation of three public universities. More than 50,000 full and part-time students were enrolled in the three universities. Approximately $320 million was provided in 1984/85 for the operation of 15 community colleges and 5 provincial institutes where 86,000 students were enrolled in academic, career/technical and vocational programs.

Human Resources Programs

The Ministry of Human Resources delivers a wide range of social services and income security programs to assist the elderly, the handicapped, and people requiring income assistance or social support.

Income Assistance

Income assistance is provided to eligible British Columbia residents between the ages of 19 and 64 who cannot provide the necessities of life for themselves and their dependents. The program also provides an assured minimum income for eligible handicapped persons and senior citizens. In March 1985, income assistance was provided to 153,376 persons, and to their 114,257 dependents. The total cost of income assistance in the 1984/85 fiscal year was approximately $890 million, up 14.2 per cent from the previous year.

Pharmacare

The Pharmacare program provides prescription drugs at no charge to senior citizens, residents of long-term care facilities and income assistance recipients. The program also reimburses all other British Columbia residents for 80 per cent of eligible pharmacare expenses exceeding $200 in a calendar year. Total expenditure for the program in 1984/85 was $121 million.

Family and Children's Services

The Ministry of Human Resources provides services for families and children, including adoption services, child protection services, foster care and family support services such as homemaker services for the care of children. In 1984/85, expenditure totalled $94 million.

Rehabilitation and Support Services

The Ministry of Human Resources offers numerous rehabilitation and support services. Total expenditure for these services during 1984/85 was $153 million. They include residential care, life skills training and achievement centres for mentally handicapped adults, subsidized and special needs day-care and a range of job preparation programs for income assistance recipients. Under the Community Projects Funding Program, the ministry assists non-profit societies which provide social services in local communities. In 1984/85, contributions of $5.3 million were provided to community projects and $31.2 million was allocated for the provision of community residential care for the handicapped. This amount includes $6.8 million for community based resources for former residents of the Tranquille institution. In addition, the ministry operates one institution and funds a second facility accommodating mentally handicapped persons.

Services for Seniors

Many of the programs administered by the Ministry of Human Resources provide services for the province's senior citizens. Included are SAFER, subsidized bus passes and counselling services.

The SAFER (Shelter Aid for Elderly Renters) program provides renters aged 65 and over with monthly shelter aid payments equal to 75 per cent of the amount by which their rent, up to a maximum eligible amount of $330 for a single person and $365 for a couple, exceeds 30 per cent of income. In March 1985, 9,962 persons qualified for SAFER benefits. Expenditure on the program was $9 million in the 1984/85 fiscal year.

Housing and Land Development

Through regional offices in Burnaby, Victoria, Cranbrook, Prince George, Kamloops, Williams Lake, Fort St. John and Smithers, the Ministry of Lands, Parks and Housing is responsible for the administration and disposition of Crown land. The ministry also encourages the provision of housing for senior citizens and disabled persons through locally sponsored non-profit societies and private sector participation.

Provincial Home Acquisition Account (1967)

This special account is the source of funds for loans and grants issued under the Home Purchase Assistance and Rental Conversion Loan programs. The *Home Conversion and Leasehold Loan Act* also provides for leasehold mortgage loans to be paid from the account.

The Home Purchase Assistance Program provides second mortgages of up to $10,000 to eligible purchasers of new or used homes with values within prescribed price limits. In 1984/85, 4,300 mortgages were issued totalling $39.1 million.

The Rental Conversion Loan Program was established to provide first and second mortgages of up to $25,000 per new unit created through the conversion of single family homes, industrial or commercial property to rental accommodation. In 1984/85, 11 loans totalling $280,000 were issued to create 16 new rental units.

During 1984/85 the Provincial Home Acquisition Account earned interest of $33 million. Total expenses of the account were $2.6 million. As at March 31, 1985 the account balance was $360 million, consisting of $234 million in mortgages and $126 million in cash and temporary investments. Mortgages and grants issued from 1967 to date are shown in Table 5.1.

Table 5.1

Provincial Home Acquisition Account (1967)

	Number	Value ($ millions)
Second mortgage loans	135,580	623.9
Home acquisition grants	191,345	189.4
Leasehold and conversion mortgages	993	29.4
Total	327,918	842.7

Crown Land Account (1979)

This special account provides financing on a recoverable basis for the acquisition, servicing and development of land for residential, recreational, agricultural and commercial purposes as well as financing for interest reduction loans to homeowners under the B.C. Home Program. The account also provides for non-recoverable expenditures for park land acquisition, park capital maintenance and development, ecological reserves and Ministry of Lands, Parks and Housing operating costs in support of Crown land and residential land development programs.

British Columbia Home Program

The B.C. Home Program provides interest-free loans to reduce the effective interest rate on the first $60,000 of residential mortgage debt to 12 per cent. These interest reduction loans are available until September 30, 1985 and are repayable on September 30, 1986. In 1984/85, interest reduction loans totalling $18 million were paid to 13,500 home owners.

Senior Citizens' Housing

In 1984/85, grants of approximately $1.4 million were paid to non-profit societies to assist in the construction of housing for senior citizens. During the year, eight projects containing 236 units were completed. To date, more than 19,000 units have been constructed under this program, primarily under non-profit society management.

Housing for the Disabled

Non-profit societies received $1.7 million in grants in 1984/85 to assist in the purchase of 45 houses which will accommodate 198 disabled persons, many of whom were previously resident in the institution at Tranquille.

Land Tax Deferment Program

The Ministry of Finance administers the Land Tax Deferment Program, which enables elderly citizens, widows, widowers and certain handicapped persons to defer property taxes on their ordinary place of residence. Interest is charged at eight per cent per annum on deferred taxes. In 1984, 2,852 persons benefitted from this program, compared to 2,901 in 1983.

Labour Programs

The Ministry of Labour develops and administers job training and employment stimulation programs.

Apprenticeship and Employment Training

At March 31, 1985 approximately 11,400 apprentices were registered with the ministry, and a total of 4,100 apprentices had satisfactorily completed their indenture period during 1984/85. Post secondary vocational institutions and private trade schools provided the prescribed technical training for 9,400 apprentices in 50 trade areas. Approximately 6,000 journeymen received certification under the tradesmen's qualification examination, interprovincial standards or welding registration programs. Employment training and job stimulation programs operated during the fiscal year provided training and employment opportunities for approximately 8,200 persons while 1,900 tradesmen attended upgrading and retraining courses. A further 750 disabled persons received employment-oriented training and job placement assistance through the vocational rehabilitation service. There were 260 approved trade schools registered in the province during 1984/85.

Employment Standards

The Employment Standards Branch is responsible for administering provincial standards for the minimum wage, payment of wages, maternity protection, vacation and general holiday leave. Also covered are hours of work, employment of children, employment agencies, termination of employment, farm labour contractors and hiring practices.

The branch also provides investigative and mediative services to the Labour Relations Board and investigative services to the Human Rights Council.

During 1984/85, industrial relations officers concluded approximately 14,500 investigations including assignments on behalf of the Labour Relations Board and the Human Rights Council.

Mediation Services

Settling labour-management disputes within the province is the prime objective of the Mediation Services Branch. During 1984/85, officers were involved in seeking solutions to 318 disputes.

Safety Engineering Services

The Safety Engineering Services Division offers a number of services designed to ensure a safe living and working environment with respect to the manufacture, installation and operation of boiler and pressure vessels; elevators and amusement rides; electrical and gas systems and equipment. The division's objectives are met through standards development, safety education and regulatory activities. Some 200,000 regulatory inspections and 600 safety seminars were conducted for the public and industry during 1984/85.

Women's Programs

The Office of Women's Programs is responsible for the development and implementation of provincial policies and programs relating to the economic status of women in British Columbia, and specifically for ensuring that women have equal access to business opportunities, employment training, education and career advancement.

British Columbia Council of Human Rights

The British Columbia Council of Human Rights is responsible for administering and enforcing the *Human Rights Act* which was proclaimed in September 1984. At that time, the Council acquired jurisdiction over 333 unfinished cases of the former Human Rights Branch. Up to March 31, 1985, the Council received a total of 2,450 enquiries and 157 new complaints.

The Council held 24 hearings and gave 25 presentations to communities around the province outlining rights and responsibilities under the *Human Rights Act*.

Administration of Justice

The Ministry of Attorney General is responsible for the administration of justice in British Columbia through the corrections, police, and court systems. The ministry also provides legal advice to government on matters of criminal, civil, constitutional, and administrative law, and drafts proposed regulations and legislation. In addition, the Law Reform Commission continuously reviews provincial laws and makes recommendations to the Attorney General.

Police Services

The Police Services Branch is responsible for providing services to help protect life and property and to reduce crime. The branch is responsible for municipal police training through the British Columbia Police Academy, while the British Columbia Police Commission monitors and audits operation of local police forces. Under federal-provincial agreements, the Royal Canadian Mounted Police serves as the provincial police force and provides police services to most municipalities. The Coordinated Law Enforcement Unit coordinates activities of police and other agencies to suppress organized crime. The CounterAttack program is designed to prevent impaired driving. In addition, crime prevention and auxiliary police programs promote community involvement in policing. Branch expenditure for 1984/85 was approximately $77 million.

Criminal Justice

The Criminal Justice Branch is responsible for the operation of Crown counsel services for the prosecution of criminal cases and offences against provincial statutes and many municipal bylaws in the trial and appellate courts of the province and in the Supreme Court of Canada. Expenditure for 1984/85 was approximately $18 million.

Corrections

The Corrections Branch is responsible for family court counselling, community service order programs, youth and adult probation and correctional facilities for certain accused or convicted youths and adults serving sentences of up to two years.

The branch operates 86 probation and family court service offices throughout the province. Facilities include six secure adult custodial institutions, two secure containment centres for delinquent youths, two open camps for youths, 13 open facilities for adults and seven community correctional centres. The open facilities allow sentenced offenders to participate in useful work, while the community correctional centres help offenders re-entering the community. Probation offices provide a wide range of services to courts and communities throughout the province. Expenditure of the branch for 1984/85 was approximately $107 million.

Court Services

The Court Services Branch provides administrative services to all courts in the province except the Federal Court of Canada. The branch also provides sheriff, court reporting, and ancillary support services, and assists British Columbia Buildings Corporation in the design, construction, and maintenance of all courthouses in the province. Branch expenditure was $77 million during 1984/85.

Legal Aid

The Legal Services Society offers legal assistance to individuals who would otherwise be unable to obtain legal counsel, and funds public legal education and information services.

Environmental Protection Programs

The Ministry of Environment is responsible for protecting the British Columbia environment, conducting research, environmental inventory activities and performing licencing functions to achieve environmental protection objectives.

The Cabinet Committee on Environment and Land Use coordinates the environmental and resource planning activities of government.

Waste Management

The Ministry of Environment establishes pollution discharge quality objectives for municipalities and industries. These standards are specified in discharge permits which are required in order to discharge any waste into the environment. Financial incentives are used to encourage compliance with the standards. Local governments receive financial assistance for sewage disposal through the Ministry of Municipal Affairs.

The Waste Management Branch administers several programs which encourage environmentally safe waste treatment and resource recovery. Expenditure of the Branch for 1984/85 amounted to $9 million. A program of irrigation with treated sewage is currently being operated in several locations. Paper, rubber and oil waste recovery and recycling programs are being encouraged by the ministry.

Ecological Protection

The Ministry of Lands, Parks and Housing administers the *Ecological Reserve Act*. A total of 111 ecological reserves covering 151,000 hectares (about one-third subtidal) have been established under the act.

Conservation Projects

The Wildlife Branch of the Ministry of Environment administers the Habitat Conservation Fund for the enhancement and acquisition of important fish and wildlife habitat. Since 1981, the fund has financed 101 enhancement projects throughout the province with a total expenditure of $5.3 million. The Public Conservation Assistance Fund annually offers a total of $50,000 to non-profit clubs and organizations to defray the capital costs of conservation projects.

Fisheries

Angling regulations set by the ministry ensure that existing fish stocks are maintained, while the fish culture program uses several large hatcheries to supplement natural spawning areas.

Pesticide Control

The Pesticide Control Branch of the Ministry of Environment is responsible for regulating the sale and use of all pesticides in the province.

Provincial Emergency Program

The Provincial Emergency Program of the Ministry of Environment, with five regional offices, works to ensure that British Columbia is prepared for any type of emergency. Program officials provide training and direction to ministries, Crown corporations, regional districts, municipalities and more than 10,000 skilled volunteers.

Flood Relief

In the 1984/85 fiscal year, the Ministry of Environment provided more than $7.1 million in relief assistance to overcome the effects of flood waters on public and private property.

Consumer and Corporate Affairs

The Ministry of Consumer and Corporate Affairs administers 56 statutes and related regulations designed to prevent abuses in the marketplace.

Consumer and Tenancy Relations

The Consumer and Tenancy Relations program includes the Residential Tenancy Branch (formerly Office of the Rentalsman) which provides information to tenants and landlords. Arbitration services are available for non-monetary disputes. The program includes investigative and enforcement services related to consumer laws, offers counselling services to consumers with debt problems and assists borrowers and lenders to administer debt repayment schedules. The program is responsible for the licencing of debt collectors, bailiffs, credit reporting agencies, cemeteries, motor dealers and travel agents.

Financial and Corporate Relations

The Financial and Corporate Relations program regulates the instruments and documents used to conduct business in British Columbia. It also administers a wide variety of corporate statutes.

Financial and Corporate Relations consists of three main divisions:

- The Office of the Superintendent of Brokers, Insurance and Real Estate regulates the securities, mortgage broker, insurance and real estate industries;

- The Office of the Superintendent of Credit Unions, Cooperatives and Trust Companies regulates and examines the finances of credit unions, registers cooperatives and regulates and inspects all trust companies operating in the province; and
- The Office of the Registrar of Companies maintains statutory files on all companies, cooperatives, partnerships and societies operating in the province.

Significant developments during the past year include the introduction of a new *Securities Act* and the *Commodity Contract Amendment Act*, the strengthening of regulatory controls over companies listed on the Vancouver Stock Exchange and the enactment of legislation permitting the establishment of a Real Estate Foundation. This Foundation will use the proceeds of any interest earned on real estate agents' general trust accounts to create and maintain a fund to be used for real estate education, research, legislative reform and public information. In addition, licencing functions previously administered by the ministry were transferred to the following self-regulating organizations: the Real Estate Council of British Columbia, the Insurance Council of British Columbia, the Vancouver Stock Exchange and the Investment Dealers Association.

Liquor Licencing

The Liquor Control and Licencing Branch is responsible for licencing and supervising all liquor resale establishments to ensure they operate in compliance with the pertinent statutes and regulations. The branch also licences provincial manufacturers of beverage alcohol. For information and statistics pertaining to the Liquor Distribution Branch see Chapter 4.

In the area of liquor policy and regulations, major new amendments were implemented on July 10, 1985 to provide greater convenience to the public and provide added employment opportunities in the province. The amendments allow for licenced beer and wine retail stores in hotels and neighbourhood pubs; British Columbia winery shops; Sunday service of liquor in Victoria and Vancouver international airports; and, draft beer sales in restaurants and licenced recreation centres.

Land Registry

The seven land title offices of the Ministry of Attorney General maintain records of all transactions in real property and issue certificates of title for each parcel of land. Each office has a registrar responsible for correctly interpreting the *Land Title Act* and all applicable statutes, to ensure that security of title is maintained at all times.

Mobile Home Registry

The Mobile Home Registry protects mobile home owners and purchasers in the same way that the land registry protects buyers and sellers of conventional real estate. To date, 1,200 mobile homes have been registered.

Central Registry

The Central Registry maintains a registry of chattel mortgages and liens against motor vehicles and personal chattels.

Recreation and Sport

In the 1984/85 fiscal year, the Recreation and Sport Branch of the Ministry of Provincial Secretary and Government Services provided $5.8 million in grants and financial assistance from the Physical Fitness and Amateur Sports Fund and the Lottery Fund. Funding was provided to the recreation and sport community for administrative and organizational support, leadership development activities, amateur sport competitions and athletic development.

Cultural Services

The Cultural Services Branch of the Ministry of Provincial Secretary and Government Services administers the British Columbia Cultural Fund which provides assistance to provincial arts organizations. In 1984/85, the branch provided grants totalling $6.7 million (including grants from the Lottery Fund) to major professional arts institutions and organizations in the fields of music, dance, theatre, crafts and visual and literary arts.

Library Services

In the 1984/85 fiscal year, the Library Services Branch of the Ministry of Provincial Secretary and Government Services provided grants totalling $6.3 million to municipal and regional public libraries, public library associations, reading centres and other library groups.

Special grants of over $600,000 were made to designated public libraries from the Provincial Computerization of Libraries Account to institute automatic cataloguing and circulating systems. The account was established in 1980 with an appropriation of $3 million.

Provincial Parks

Under the *Park Act*, the Ministry of Lands, Parks and Housing administers a provincial park system comprising 365 parks and recreation areas which encompass more than 4.6 million hectares.

British Columbia Heritage Trust

The British Columbia Heritage Trust was established in 1977 by the *Heritage Conservation Act*. In the 1984/85 fiscal year, 134 grants valued at $2.1 million were awarded from the Trust Fund.

Ombudsman

The *Ombudsman Act*, passed in 1977, provides for an independent officer of the Legislative Assembly to investigate complaints about provincial government ministries and certain other government agencies. Expenditures by the Office of the Ombudsman totalled $2.0 million during 1984/85.

6. Industrial Development

Geography

The province of British Columbia is located on the Pacific coast and has a land and freshwater area of 95 million hectares. It is the third largest Canadian province, comprising 9.5 per cent of Canada's total surface area. The province's coastline measures 7,022 kilometres, supporting a large international and coastal shipping industry through ice-free, deep-water ports.

British Columbia's total area contains approximately 54 million hectares of forest, 2.7 million hectares of arable or potentially arable land, 6.6 million hectares of land that can be used for grazing and 3.6 million hectares of lakes and rivers.

Industrial Structure

British Columbia's abundant and diverse natural resources, consisting of forests, minerals, petroleum and natural gas, water, agricultural land, fisheries and scenic attractions continue to be the basis for economic activity within the province. Although service industries provided 67.1 per cent of British Columbia's gross domestic product during 1983, the foundation of the provincial economy continues to be goods production (*see* Table 6.1).

Table 6.1

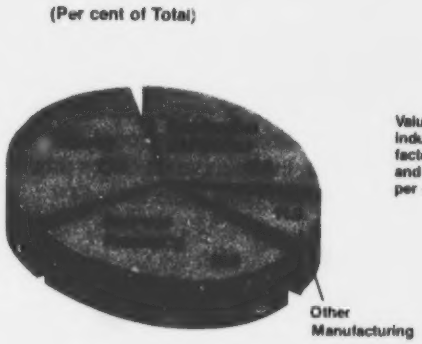
Gross Domestic Product (at factor cost)[1]

Sector	1973	Per Cent of Total	1983	Per Cent of Total
	($ millions)		($ millions)	
Agriculture[2]	468	3.6	1,317	3.1
Forestry[2]	1,776	13.6	3,568	8.5
Fishing and trapping[2]	164	1.3	346	0.8
Mining[2]	982	7.5	2,914	6.9
Manufacturing	603	4.6	1,647	3.9
Construction	999	7.6	2,721	6.5
Utilities	286	2.2	1,334	3.2
Total goods	5,278	40.4	13,847	32.9
Transportation, communication and storage	1,246	9.6	4,397	10.5
Wholesale and retail trade	1,590	12.2	4,484	10.7
Finance, insurance and real estate	1,437	11.0	6,421	15.3
Community, business and personal services	2,545	19.5	9,354	22.2
Public administration and defence	956	7.3	3,539	8.4
Total services	7,774	59.6	28,195	67.1
Total gross domestic product	13,052	100.0	42,042	100.0

[1] GDP at factor cost is less than GDP at market prices by the amount of indirect taxes less subsidies.
[2] Includes the primary activity and related manufacturing.
Note: Experimental data.
Source: British Columbia Economic Accounts.

Goods-producing industries contributed 32.9 per cent to the gross domestic product in 1983, down from 40.4 per cent in 1973. During 1983, the primary industries of agriculture, forestry, fishing, trapping and mining provided $3.9 billion of the value added in the economy and an additional $4.2 billion in related resource processing industries, for a total of 58.8 per cent of the total value added in goods production (*see* Chart 6.1). Forestry, including processing activities, formed the largest component (25.8 per cent) of the value added in goods production, followed by mining (21.0 per cent). Among the non-resource industries, construction activities provided 19.6 per cent of the value added in goods production, with other manufacturing activities, such as the production of machinery and textiles, contributing 11.9 per cent and utilities providing the balance of 9.7 per cent.

Chart 6.1 Value Added by Goods-Producing Industries, 1983



Value added by goods-producing industries reached $ 13.8 billion, at factor cost, in 1983. Primary industries and related processing contributed 58.8 per cent to this total.

Source: British Columbia Economic Accounts

Community business and personal services is the largest component of service industry output. In 1983, this sector contributed 33.2 per cent of the value added in service-producing industries. Finance, insurance and real estate services and wholesale and retail trade were also large contributors to 1983 service sector output, providing 22.8 per cent and 15.9 per cent respectively.

British Columbia's employment patterns reflect the contributions of various sectors to the gross domestic product. Service industries accounted for 73.4 per cent of total provincial employment in 1983, while goods-producing industries provided the remaining 26.6 per cent. Among service-producing industries, the primary employers were community, business and personal services, representing 33.4 per cent of total provincial employment, while trade was the next largest, employing 17.6 per cent. Manufacturing (including resource processing) was the major employer among goods-producing industries, accounting for 12.6 per cent of total provincial employment, while construction and primary industries employed 5.8 and 7.2 per cent respectively.

Forest Products Industry

British Columbia's forest lands support approximately 8 billion cubic metres of mature timber. More than 95 per cent of this volume is coniferous (softwood) and British Columbia accounts for approximately one-half of the Canadian softwood inventory. Forests of the coastal region contain more hemlock than any other species, while lodgepole pine is the principal species of the interior region (*see* Appendix Table 6.1).

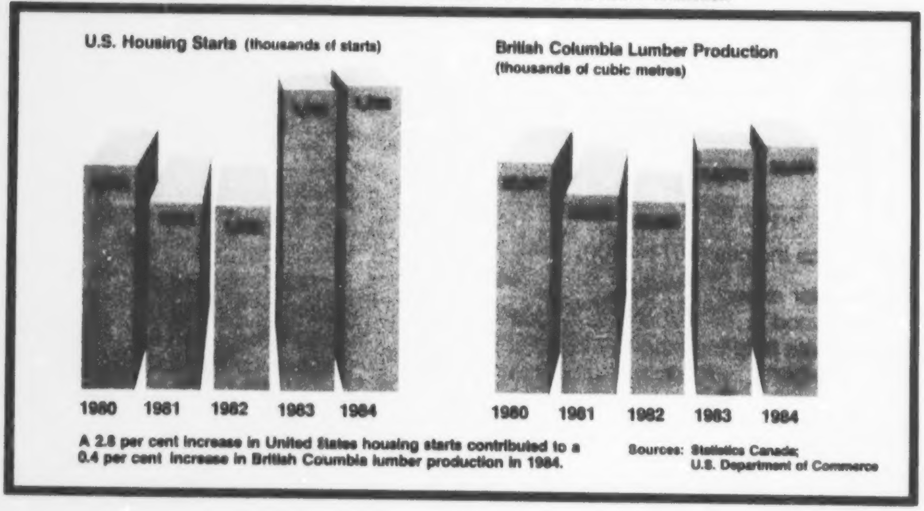
The provincial government owns more than 90 per cent of the province's forest land. For management purposes, the forest resource is divided into sustained yield units known as timber supply areas (TSAs) and tree farm licences (TFLs). Timber harvesting in these units is delegated to private operators under a variety of licencing agreements. Forest management responsibilities in TSAs are shared between the Ministry of Forests and private operators, while in TFLs they are the responsibility of private operators.

The forest industry is the most important sector of the provincial economy, accounting for approximately 45 per cent of the value of shipments by British Columbia manufacturing industries (*see* Appendix Table 6.8) and more than one-half of the province's exports.

Exports of forest products increased by 10.7 per cent to $6.1 billion during 1984. The financial performance of the British Columbia forest industry remained weak by historical standards however, as cost control measures introduced as a consequence of the 1981-82 recession were insufficient to offset the continuing weakness in the prices of most forest products.

In 1984, the British Columbia timber harvest was 74.6 million cubic metres, up 4.5 per cent from 1983 (*see* Table 6.2). This closely approximates the annual production target of 75 million cubic metres established by the Ministry of Forests.

Chart 6.2 United States Private Housing Starts and British Columbia Lumber Production



A 2.8 per cent increase in United States housing starts contributed to a 0.4 per cent increase in British Coumbia lumber production in 1984.

Sources: Statistics Canada;
U.S. Department of Commerce

Lumber

Demand for lumber in the United States, British Columbia's major market, increased in 1984 as housing starts increased slightly to 1.75 million units. However, lumber prices remained low throughout most of the year due to major increases in production capacity in several regions of North America (*see* Chart 6.2).

Lumber production in British Columbia increased by 0.4 per cent in 1984 to 30.9 million cubic metres (13.1 billion board feet). For the second consecutive year, sawmills in the interior region produced a record volume of lumber. By contrast, coastal lumber production fell by 5.7 per cent and remained well below the peak established in 1978. The value of lumber exports increased by 1.4 per cent in 1984 (*see* Appendix Table 1.3).

Plywood

Approximately 75 per cent of British Columbia's plywood production is used within Canada. In 1984, provincial plywood production decreased by 11.1 per cent to 1.6 million cubic metres (1.8 billion square feet, 3/8 inch basis). This reflected not only the decline in Canadian housing starts, but also increasing competition from less costly panel board products, such as waferboard and oriented strandboard.

Table 6.2

Economic Indicators of Activity in the Forest Sector

Indicator	1974	1979	1983	1984	Change 1983–1984
			(millions of m³)		(per cent)[1]
1 Timber scaled	60.1	76.2	71.4	**74.6**	4.5
2 Lumber production	20.6	29.5	30.8	**30.9**	0.4
3 Plywood production	1.6	2.1	1.8	**1.6**	−11.1
			(millions of tonnes)		
4 Pulp production	5.3	5.3	5.6	**5.2**	−6.9
5 Newsprint, paper and paperboard production	2.0	2.1	2.2	**2.1**	−3.4
Exports of Forest Products to Major Countries					
			($ millions)		
6 United States	1,288.4	3,264.8	3,177.0	**3,395.4**	6.9
7 Japan	311.1	851.9	779.0	**908.2**	16.6
8 United Kingdom	254.5	352.4	294.3	**306.8**	4.2
9 Other	655.7	1,227.1	1,271.7	**1,500.0**	18.0
10 Total	2,509.7	5,696.2	5,522.0	**6,110.4**	10.7
Industry Selling Price Indices (1971 = 100)					
11 Spruce lumber for export	128.3	274.4	219.4	**199.3**	−9.2
12 Douglas fir plywood	153.8	244.5	255.0	**242.2**	−5.0
13 Bleached sulphate pulp for export	189.8	285.7	296.6	**373.5**	25.9
14 Newsprint for export	134.7	258.3	319.0	**351.7**	10.3

[1] Percentage change based on unrounded numbers.

Sources:

1 Ministry of Forests.
2–5 and 11–14 Statistics Canada.
6–10 Ministry of Industry and Small Business Development, estimated from Statistics Canada data.

Pulp and Paper

British Columbia pulp and paper production in 1984 was adversely affected by a 10-week work stoppage in the early part of the year. Pulp production during 1984 totalled 5.2 million tonnes, down approximately 7 per cent from 1983. The work stoppage in British Columbia contributed to a temporary tightening of the world pulp market as pulp prices peaked in mid-1984. Subsequent increases in the world supply of pulp caused prices to decline by approximately 25 per cent by the first quarter of 1985.

British Columbia newsprint, paper and paperboard production decreased by 3.4 per cent in 1984 to 2.1 million tonnes. This decline was largely attributable to the work stoppage. Demand for newsprint remained strong throughout 1984, reflecting the strength of the United States economy, the major market for British Columbia newsprint. British Columbia suppliers however, continued to face increasing competition from Scandinavian newsprint producers in the United States market due to the increase in the foreign exchange value of the Canadian dollar relative to Scandinavian and other European currencies. For more information pertaining to British Columbia's pulp and paper mills, see Map 6.1.

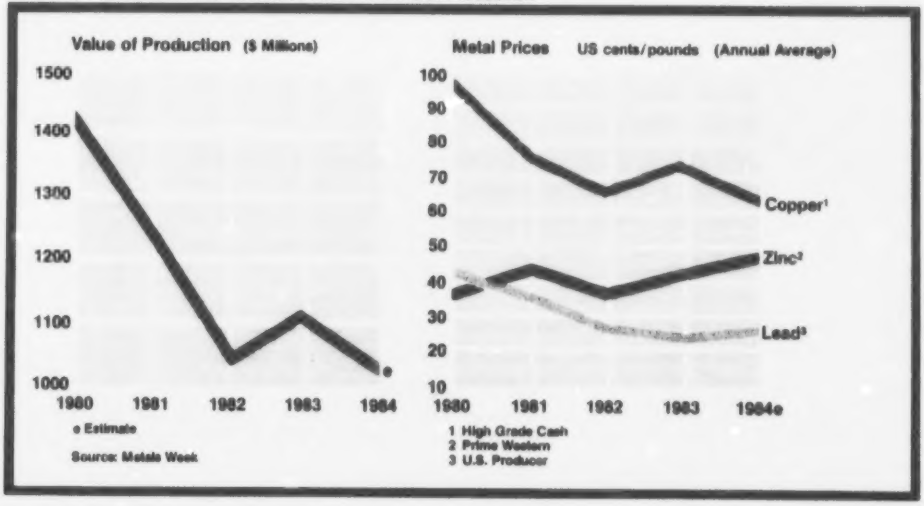
Minerals

The total value of mineral production in 1984 is estimated at $3.29 billion, up 15.3 per cent from the 1983 level of $2.85 billion (*see* Appendix Table 6.3). The production value of coal, industrial minerals, structural materials, petroleum and natural gas increased, while the value of metallic mineral production declined. For an annual total production comparison see Appendix Table 6.4.

Metals

The total value of metals production in 1984 decreased by 7.0 per cent to $1,026.7 million (*see* Chart 6.3). The production value of most major metals decreased. The exceptions were molybdenum and zinc, for which significant increases were recorded. Production volumes also declined, except for copper and molybdenum, for which production volumes increased by 2.1 and 5.8 per cent respectively.

Chart 6.3 Value of British Columbia Metallic Mineral Production

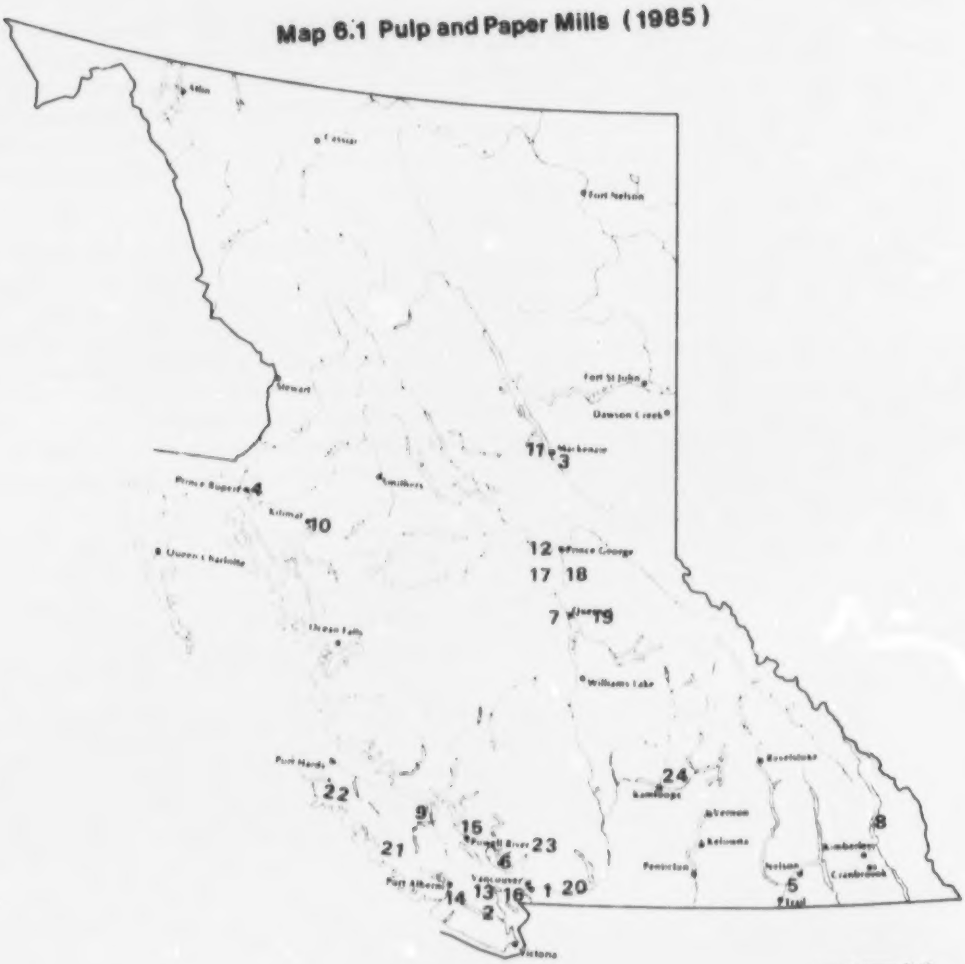


e Estimate

Source: Metals Week

1 High Grade Cash
2 Prime Western
3 U.S. Producer

Map 6.1 Pulp and Paper Mills (1985)


Atlin
Cassiar
Fort Nelson
Stewart
Fort St John
Dawson Creek
11
Mackenzie
3
Prince Rupert
4
Smithers
Kitimat
10
Queen Charlotte
12
Prince George
17
18
7
Quesnel
19
Ocean Falls
Williams Lake
Port Hardy
22
Revelstoke
24
Kamloops
Vernon
Kelowna
9
15
Powell River
23
21
6
8
Kimberley
Cranbrook
Penticton
Nelson
5
Trail
Port Alberni
14
13
16
Vancouver
1
20
2
Victoria

Map Ref. No.	Company	Location	Annual Capacity* (000 tonnes) Pulp	Paper
1	Belkin Packaging Ltd.	Burnaby	....	150
2	British Columbia Forest Products Ltd.	Crofton	657	436
3	British Columbia Forest Products Ltd.	Mackenzie	200	....
4	Westar Timber Ltd.	Prince Rupert	369	....
5	Westar Timber Ltd.	Castlegar	176	....
6	Canadian Forest Products Ltd.	Port Mellon	190	....
7	Cariboo Pulp and Paper Ltd.	Quesnel	255	....
8	Crestbrook Forest Industries Ltd.	Skookumchuk	148	....
9	Crown Forest Industries Ltd.	Duncan Bay	705	450
10	Enso Forest Products Ltd.	Kitimat	300	300
11	Finlay Forest Industries Ltd.	Mackenzie	178	....
12	Intercontinental Pulp Co. Ltd.	Prince George	220	....
13	MacMillan Bloedel Ltd.	Harmac	340	....
14	MacMillan Bloedel Ltd.	Port Alberni	444	370
15	MacMillan Bloedel Ltd.	Powell River	685	635
16	Island Paper Mills Ltd.	Annacis Island	....	112
17	Northwood Pulp and Timber Ltd.	Prince George	500	....
18	Prince George Pulp and Paper Ltd.	Prince George	255	100
19	Quesnel River Pulp Co. Ltd.	Quesnel	172	....
20	Scott Paper Ltd.	New Westminster	26	125
21	CIP Forest Products Ltd.	Gold River	230	....
22	Western Pulp Ltd.	Port Alice	140	....
23	Western Pulp Ltd.	Squamish	150	....
24	Weyerhaeuser Canada Ltd.	Kamloops	430	....
			6,770	2,678

*As at May 1985. For integrated mills, pulp capacity includes both pulp used internally to produce paper and market pulp (if any) which is shipped from the mill site.

Structural Materials

The value of structural materials production in 1984 was $219.1 million, up 5.1 per cent from 1983. Cement accounted for all the increase while sand and gravel production decreased in both volume and value terms.

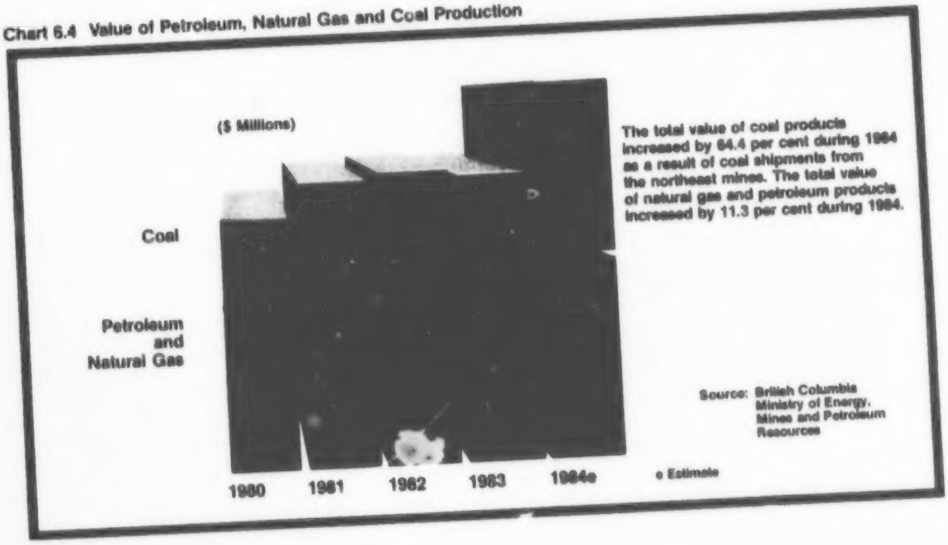
Industrial Minerals

The total value of industrial minerals production in 1984 showed a significant increase of 48.2 per cent to $132.6 million. Asbestos, representing two thirds of the value of production, accounted for most of the increase. Sulphur also experienced significant increases in both production volume and value.

Coal

The value of coal production in 1984 increased sharply to $914.1 million from $555.8 million in 1983. This was mainly due to the coal shipments from the two northeast coal mines (Bullmoose and Quintette), where production commenced in November and December 1983, respectively (*see* Chart 6.4).

Chart 6.4 Value of Petroleum, Natural Gas and Coal Production



The total value of coal products increased by 64.4 per cent during 1984 as a result of coal shipments from the northeast mines. The total value of natural gas and petroleum products increased by 11.3 per cent during 1984.

Source: British Columbia Ministry of Energy, Mines and Petroleum Resources

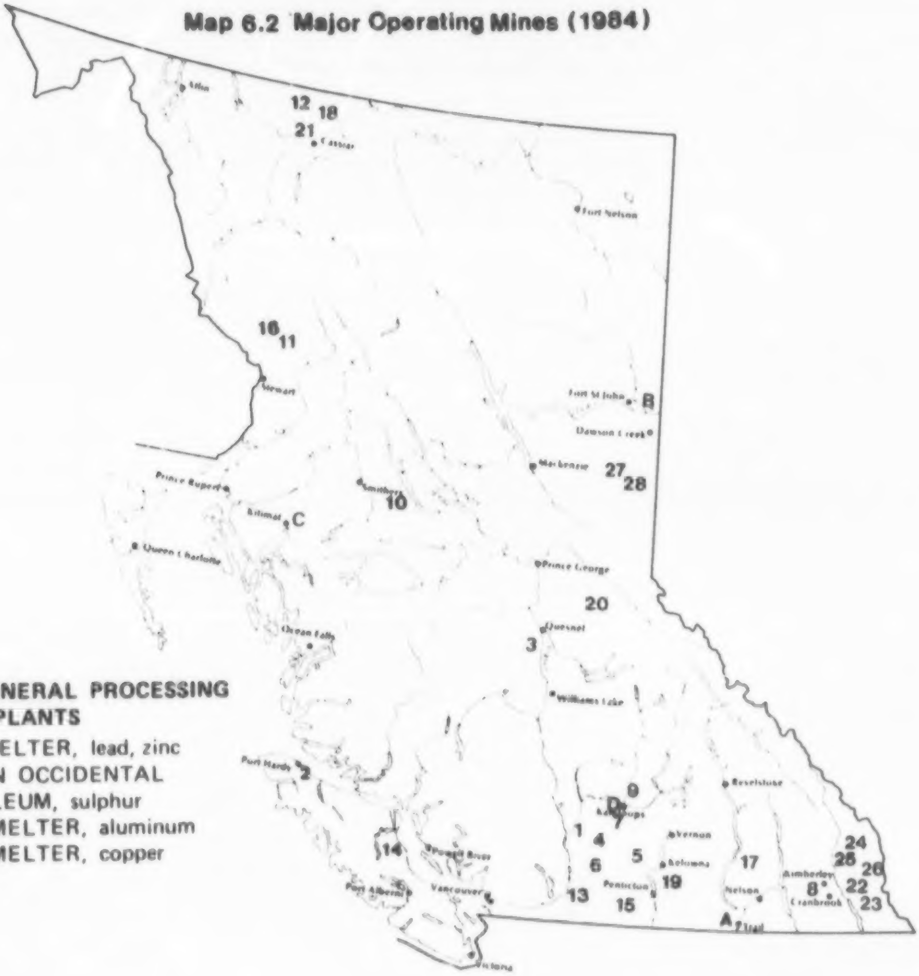
Mineral Exploration

Although mineral claim staking declined to 81,729 claims in 1984 compared to the record high of 106,683 claims in 1983, the 1984 figure was 17 per cent higher than the average for the previous five years. The location of major operating mines in the province is shown on Map 6.2.

Petroleum and Natural Gas

Petroleum and natural gas exploration activity increased significantly during 1984. The number of wells drilled totalled 198 compared to 76 for 1983 and the number of seismic crew-weeks increased sharply to 238. These large gains were the result of drilling activity centred on an oil discovery in the Desan Lake area north east of Fort Nelson, discovered in the winter of 1982-83. Although results are still inconclusive for the area, interest remains high and further exploration activities are anticipated in the next winter drilling season.

Map 6.2 Major Operating Mines (1984)


Atlin
12
18
21
Cassiar
Fort Nelson
16
11
Stewart
Fort St John
B
Dawson Creek
Mackenzie
27
28
Prince Rupert
Smithers
10
Kitimat
C
Queen Charlotte
Prince George
20
Quesnel
3
Ocean Falls
Williams Lake
Port Hardy
2
9
D
Kamloops
7
1
4
Revelstoke
Vernon
14
Powell River
6
5
Kelowna
17
24
25
26
Kimberley
8
22
Cranbrook
23
Port Alberni
Vancouver
13
Penticton
19
15
Nelson
A
Trail
Victoria

PRIMARY MINERAL PROCESSING PLANTS

A TRAIL SMELTER, lead, zinc
B CANADIAN OCCIDENTAL PETROLEUM, sulphur
C ALCAN SMELTER, aluminum
D AFTON SMELTER, copper

Map Ref. No.	Company	Location	Daily Rated Capacity (tonnes)	Products
1	Lornex Mining Corporation Ltd.	Highland Valley	78,000	Copper, molybdenum
2	Utah Mines Ltd. (Island Copper)	Rupert Inlet	37,200	Copper, molybdenum
3	Gibraltar Mines Ltd.	Granite Mountain	36,300	Copper, molybdenum
4	Highmont Operating Corporation	Highland Valley	22,700	Copper, molybdenum
5	Brenda Mines Ltd.	Peachland	22,000	Copper, molybdenum
6	Newmont Mines Ltd. (Similkameen Div.)	Princeton	20,000	Copper
7	Cominco Ltd. (Valley)	Highland Valley	19,000	Copper
8	Cominco Ltd. (Sullivan)	Kimberley	9,100	Silver, lead, zinc, iron
9	Afton Mines Ltd.	Kamloops	6,350	Copper, gold, silver
10	Equity Silver Mines Ltd. (Sam Goosly)	Houston	4,500	Copper, gold, silver
11	Canada Wide Mines Ltd. (Granduc)	Stewart	4,000	Copper
12	Brinco Mining Ltd. (Cassiar Div.)	Cassiar	3,629	Asbestos
13	Carolin Mines Ltd.	Hope	1,500	Gold
14	Westmin Resources Ltd.	Buttle Lake	907	Copper, zinc, lead, silver
15	Dankoe Mines Ltd.	Keremeos	450	Silver, gold
16	Scottie Gold Mines Ltd.	Stewart	181	Gold, silver
17	Dickenson Mines Ltd. (Silmonac)	Slocan Lake	125	Silver, lead, zinc
18	Erickson Gold Mining Corp.	Cassiar	110	Gold
19	Teck Corporation (Highland Bell)	Beaverdell	105	Silver, lead, zinc
20	Mosquito Creek Gold Mining Co. Ltd.	Wells	100	Gold, silver
21	Taurus Resources Ltd.	Cassiar	98	Gold
22	Westar Mining Ltd. (Balmer)	Fernie	....	Coal
23	Westar Mining Ltd. (Greenhills)	Fernie	....	Coal
24	Fording Coal Ltd.	Natal	....	Coal
25	Crows Nest Resources Ltd. (Line Creek Mine)	Sparwood	....	Coal
26	Byron Creek Collieries	Corbin	....	Coal
27	Bullmoose	Tumbler Ridge	....	Coal
28	Quintette	Tumbler Ridge	....	Coal

The value of petroleum and natural gas production increased to $998.3 million in 1984, with the value of crude oil production up 8.0 per cent and natural gas up 15.6 per cent from 1983.

Table 6.3

Economic Indicators of Activity in Petroleum and Natural Gas

		1982	1983	1984	Change 1983–1984
					(per cent)
Oil production	(10^3m^3)	2,078	2,079	2,094	0.7
Natural gas production	(10^6m^3)	7,188	6,900	7,347	6.5
Number of wells authorized		82	110	284	158.2
Number of wells drilled		108	76	198	160.5
Seismic crew-weeks		122	106	238	124.5
Provincial reserves					
Oil	(10^6m^3)	24.2	23.5	18.8	−20.0
Raw gas	(10^9m^3)	298	292	290	−0.7
Provincial government petroleum and natural gas revenue[1]	($000)	228,826	333,263	337,886	1.4

[1] Provincial government revenue is on a fiscal year basis (e.g. 1984 represents the 1984/85 fiscal year).

Indications for 1985 suggest activity in the industry will continue close to the 1984 level. While the number of wells authorized during the first six months of 1985 was 125 compared to 178 for the same period of 1984, 152,890 metres were drilled in the first half of the year compared to 152,349 in the same period of 1984.

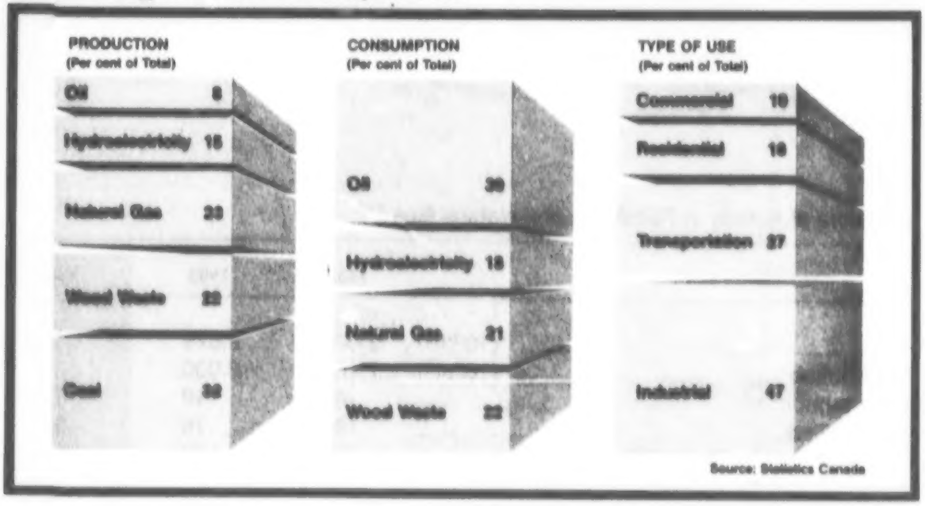
Energy

British Columbia has a diverse and abundant energy resource base. Four different energy sources each provided in excess of 15 per cent of primary energy production in 1983 (*see* Chart 6.5). British Columbia is self-sufficient in all energy sources except oil, more than three-quarters of which is imported, mainly from Alberta. These oil imports are more than offset by exports of coal, natural gas and electricity making British Columbia a net exporter of energy.

Electric Generation

Due to its renewable nature, hydro-electric power is an important energy source, meeting about 15 per cent of the province's energy requirements. At March 1985 the total installed electrical generating capacity in the province was 12.7 megawatts including 11.1 megawatts in hydro-electric capacity and 1.6 megawatts in thermal capacity (*see* Appendix Table 6.6). This was an increase of 1.8 megawatts in hydroelectric capacity from 1984, reflecting the start-up of four units of British Columbia Hydro's Revelstoke project during the year. Thermal capacity was unchanged from the previous year. The province's ten largest power plants are listed in Appendix Table 6.7.

Chart 6.5 Energy Production and Consumption in 1983



Source: Statistics Canada

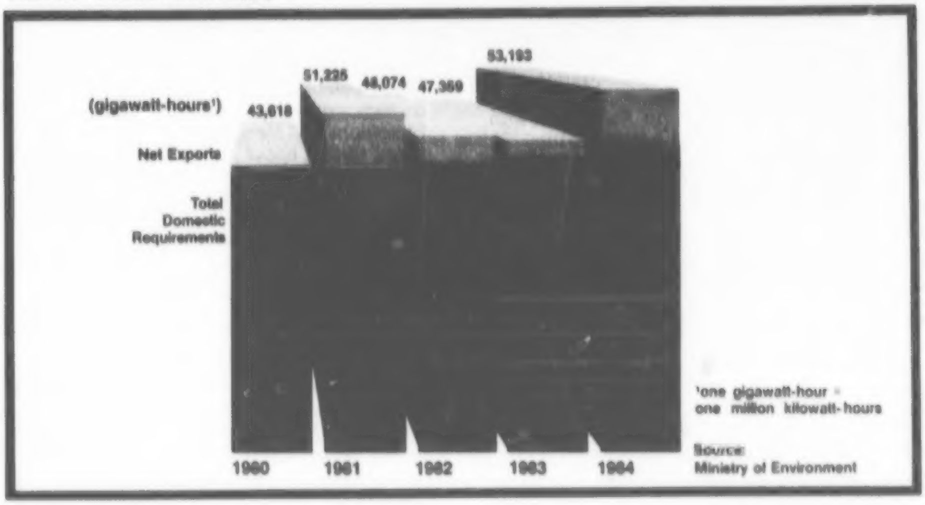
During 1984, electrical generation totalled 53,193 gigawatt-hours, an increase of 12.3 per cent from 1983. Domestic consumption increased by 4.4 per cent while net exports increased sharply from 2,715 gigawatt-hours in 1983 to 6,573 gigawatt-hours in 1984. Approximately 96 per cent of total production was provided by hydro plants, with the remainder provided by thermal plants (*see* Appendix Table 6.5 and Chart 6.6).

Energy Policy

In July 1984, the federal government, in consultation with the producing provinces, revised the natural gas export pricing policy to replace administered pricing with market-oriented pricing negotiated between sellers and buyers within certain general guidelines. The revised policy also sanctioned short-term spot sales of gas to the United States market. As a result, the firm gas sales contract between Westcoast Transmission and Northwest Pipeline Corporation was renegotiated and approved by the National Energy Board for a term of one year, commencing November 1, 1984. The principals are now in the process of renegotiating the contract for a longer term. One short-term spot sale was negotiated and approved by the National Energy Board and several additional applications are being processed.

Also in July 1984, the provincial government issued its final decisions on the restructuring of the natural gas marketing system in British Columbia. The new system, which is designed to stimulate exploration, development and marketing of British Columbia natural gas, was implemented on July 1, 1985. The major change is the adoption of an explicit royalty system on wellhead revenues including revenue from export sales of natural gas.

Chart 6.6 Electric Power Supply



[1]one gigawatt-hour = one million kilowatt-hours

Source:
Ministry of Environment

An agreement on oil and gas pricing and taxation between the Government of Canada and the Governments of Alberta, Saskatchewan and British Columbia was signed at the end of March 1985 (*see* topic box entitled A New Era for the Petroleum Industry for details).

The agreement deregulated the pricing and marketing of crude oil and petroleum products on June 1, 1985 and phases out certain taxation measures of the National Energy Program over the next three and one-half years. The agreement provides for the exemption of specific projects from paying the federal petroleum and gas revenue tax (PGRT). British Columbia projects which have received this exemption include the proposed Vancouver Island Gas Pipeline, the proposed LNG project and the ammonia facility proposed to be added to Ocelot's petrochemical plant at Kitimat.

Discussions with the federal government on funding for the Vancouver Island Gas Pipeline are continuing. The provincial government has accepted the recommendation of the British Columbia Utilities Commission, following a public hearing, that British Columbia Hydro and Power Authority should build the pipeline along a southern route.

In recognition of the surplus of hydroelectricity capacity in the British Columbia Hydro and Power Authority system, the provincial government introduced measures to give the Authority the commercial and regulatory freedom to market this surplus. In December, 1984 British Columbia Hydro was authorized to apply to the Utilities Commission for approval to offer industrial customers a two-year electricity price discount to encourage the displacement of heavy fuel oil used to drive turbo-generators.

A New Era for the Petroleum Industry

The Western Accord

On March 28, 1985 the governments of Canada and of the energy producing provinces of Saskatchewan, Alberta and British Columbia announced that they had reached a comprehensive petroleum agreement designed to revitalize the Canadian energy industry. The agreement, called the "Western Accord", has essentially replaced the National Energy Program (NEP).

The Western Accord is based on the premise that the petroleum industry should not be taxed or regulated in a significantly different manner from other industries. As a result, all taxes and discretionary incentive programs introduced under the NEP have been or will be eliminated. Furthermore, the Western Accord stipulates that any new tax-based federal incentives designed to stimulate oil and gas industry investment will be non-discriminatory with respect to location and ownership. The Petroleum Incentive Program, for example, was strongly biased in favour of Canadian-controlled companies exploring in the territories and offshore regions, or "Canada lands". This was intended to increase Canadian ownership in the energy industry and to shift industry activity towards federally-controlled resources.

The Western Accord has three major components:

- deregulation of oil pricing and trade;
- a commitment to make natural gas pricing more flexible and market-oriented; and,
- dismantling of the complex system of taxes and incentive programs for the oil and gas industry.

With regard to oil, the Western Accord has virtually eliminated the restrictions on imports and has significantly relaxed the regulatory constraints on exports. Within this environment, oil prices have been freed to be determined by market conditions. There were formerly two administered price levels for crude oil: a "new oil" price, above the international price, for oil discovered after 1973; and an "old oil" price, below the international price, for oil discovered before 1974. Associated with this pricing scheme was a network of charges and subsidies designed to equalize refinery-gate prices across Canada. These charges and subsidies have also been eliminated.

On natural gas pricing, the Western Accord has committed the signatories to implement a market-responsive pricing system for interprovincial sales by November 1, 1985. This would affect Alberta natural gas sold in Saskatchewan, Manitoba, Ontario and Quebec. (British Columbia and Saskatchewan do not sell natural gas in other provinces.) In the interim period, the Alberta Border price for natural gas flowing east has been frozen and market development programs in Eastern Canada will be continued.

Pricing of natural gas exports was partially deregulated in 1984 when the fixed export price was replaced by a much lower price floor, equal to the Toronto city-gate price. Gas export agreements could be freely negotiated at any price equal to, or above this level. This remains in effect under the Western Accord.

The Western Accord has also provided for the elimination or phase-out of the following federal taxes: the Natural Gas and Gas Liquids Tax, the Incremental Oil Revenue Tax, the Canadian Ownership Special Charge, the Petroleum Compensation Charge, export charges on both refined products and crude oil exports, and the Petroleum and Gas Revenue Tax. In aggregate, these taxes raised about $5.7 billion in federal revenue in 1984/85. However, $4.4 billion of this revenue was required to finance the Petroleum Incentive Program and Petroleum Compensation Payments, which are also being phased out or have been eliminated under the Western Accord.

Impact on British Columbia

British Columbia produces relatively large volumes of natural gas and relatively small volumes of oil. In 1984, for example, the province accounted for 10.5 per cent of Canadian natural gas production and only 2.5 per cent of Canadian oil production. Furthermore, while the province is a large net exporter of natural gas, with export sales of over $400 million in 1984, it is a net importer of crude oil, with local production currently supplying only 22 per cent of the province's requirements. Therefore, the provisions of the Western Accord applicable to natural gas are of primary interest to British Columbia.

With regard to the natural gas industry in British Columbia, the Western Accord is but one of three major initiatives which will shape the future of the industry, the other two being:

- the federal government's 1984 policy change regarding natural gas export prices, noted above; and,
- the provincial government's implementation on July 1, 1985 of a new royalty and marketing system for natural gas.

These initiatives have substantially reduced the tax/royalty burden placed on gas producers and provide for gas pricing which is more sensitive to market conditions. Under the new provincial marketing system, gas producers are allowed to make sales directly to petrochemical plants and export customers, whereas under the old system, the British Columbia Petroleum Corporation (a Crown corporation) was the sole purchaser, at government-set prices, of all natural gas pruduced in British Columbia.

These conditions are expected to foster a substantial increase in natural gas sales and should help facilitate a number of major projects, including: an ammonia plant at Kitimat; the Vancouver Island gas pipeline; the Canada LNG project; and a large export contract to supply gas to enhanced oil recovery projects in Southern California.

With regard to the oil sector, the recent decline in international oil prices has partially offset the stimulus to new production provided by the Western Accord's taxation relief. However, in a move to accelerate oil exploration and development, the provincial government has introduced a program of royalty holidays for new oil wells. Exploratory wells will receive a three-year exemption from royalties while all other new wells will receive a two-year exemption. Projections indicate that the royalty holiday program could result in an additional $2.3 billion worth of oil production in British Columbia.

Additionally, the *Industrial Electricity Rate Incentive Act* was passed by the Legislature in June, 1985. The act authorizes British Columbia Hydro to offer, with the agreement of the provincial government, significant price discounts to large industrial customers for incremental consumption of electricity related to increased plant utilization, plant expansions and to offer other incentives to use electricity instead of oil. The act also authorizes significant electricity price discounts for new industries locating in the province.

British Columbia Hydro and Power Authority was able to make substantial sales during 1984/85 under its 1984 agreement with a California customer. That agreement expires in October 1986. Current negotiations with another United States customer may lead to an agreement for the export of electricity for a period of up to ten years.

Tourism

Tourism contributes almost five per cent to the gross domestic product of British Columbia and generates approximately 100,000 person-years of employment for British Columbians working in more than 10,000 businesses.

The tourism industry in British Columbia has shown significant growth in the past two years. Tourism revenue in 1984 increased to an estimated $2.33 billion from $2.16 billion in 1983 (*see* Chart 6.7). This increase of 7.9 per cent in 1984 follows a 7.3 per cent increase in the previous year. Over one-half of the tourism expenditure in British Columbia accrues to the Lower Mainland and Vancouver Island areas of the province (*see* Map 6.3).

The number of visitors to British Columbia totalled 12.2 million during 1984, an increase of 3.4 per cent from the previous year. Significant increases occurred both in visitors from overseas and in visitors from the United States.

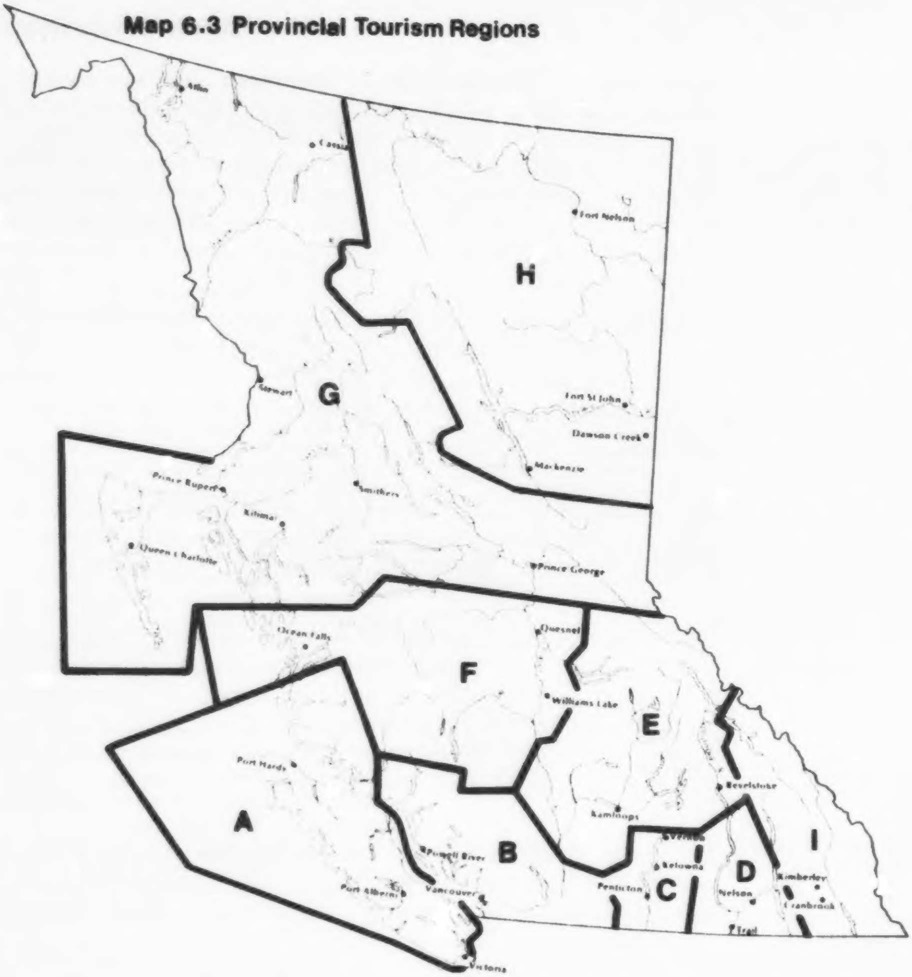
Table 6.4

Tourism Revenue

	1983	1984	Change 1983–1984
	($ millions)		(per cent)
Non-Residents			
Canadian	610	665	9.0
United States	415	470	13.3
Overseas	175	195	11.4
Total Non-Residents	1,200	1,330	10.8
Total British Columbians	955	995	4.2
Total	2,155	2,325	7.9

Source: British Columbia Ministry of Tourism.

Map 6.3 Provincial Tourism Regions

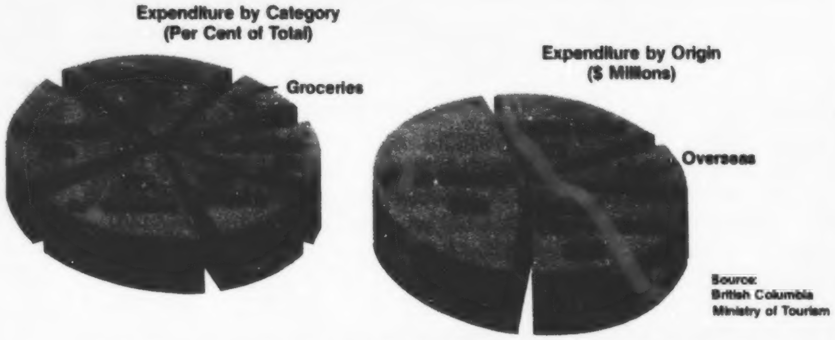

Atlin
Cassiar
Fort Nelson
H
G
Stewart
Fort St John
Dawson Creek
Mackenzie
Prince Rupert
Smithers
Kitimat
Queen Charlotte
Prince George
Ocean Falls
Quesnel
F
Williams Lake
E
Port Hardy
Revelstoke
Kamloops
A
Vernon
Kelowna
I
Powell River
B
D
Kimberley
Penticton
C
Nelson
Cranbrook
Port Alberni
Vancouver
Trail
Victoria

REGIONAL MARKET SHARE OF TOURIST EXPENDITURE, 1984

	REGION	($ MILLIONS)	PER CENT OF TOTAL
Vancouver Island	A	505	21.7
Southwestern B.C.	B	765	33.0
Okanagan Similkameen	C	275	11.8
Kootenay Country	D	95	4.1
High Country	E	210	9.0
Cariboo	F	90	3.9
North by Northwest	G	185	7.9
Peace River/Alaska Hwy.	H	60	2.6
Rocky Mountain	I	140	6.0
TOTAL		2,325	100.0

Source: British Columbia Ministry of Tourism

Chart 6.7 Tourism in British Columbia, 1984



Source:
British Columbia
Ministry of Tourism

Expenditure by tourists reached $2.33 billion in 1984, up 7.9 per cent from 1983. Over seventy-one per cent of tourist revenue was provided by visitors from within the province and other parts of Canada, while United States visitors accounted for the majority of the remainder.

Tourism policy in British Columbia places emphasis on the role of government to develop and increase the value of tourism by marketing British Columbia directly as a travel destination, and by assisting the tourism industry to become more competitive and to market itself more effectively.

Agriculture and Food

British Columbia's agriculture and food industry is a complex integrated system contributing significantly to the provincial economy through the activity of farmers, farmworkers, suppliers of farm inputs, food processing plants, food distributors, food retailers and restaurants. Value added and employment is also created through the food-related activities of firms and industries providing transportation, storage, financial services, packaging materials and processing equipment.

Farm cash receipts reached an estimated $971.3 million during 1984, an increase of 9.5 per cent over the previous year (*see* Table 6.5). Cattle and calf receipts were up by 16.0 per cent, grain and oilseeds by 11.7 per cent, and poultry and eggs by 10.0 per cent. Expenditures on farm inputs increased by 4.2 per cent to $818.7 million during 1984. After adjustments for inventory change, net farm income in 1984 was $162.7 million, an increase of 21.8 per cent over 1983.

The manufactured value of agricultural products processed and marketed in British Columbia reached an estimated $2.6 billion in 1984, up slightly from the 1983 value.

Agriculture and Food Programs

The Ministry of Agriculture and Food administers programs designed to assist both producers and processors of agricultural products. The programs reflect the government's policy of preserving agricultural land and ensuring a stable and adequate food supply.

Table 6.5

British Columbia Farm Cash Receipts

	1979	1983	1984	Change 1983–1984
		($ thousands)		(per cent)
Grains and oilseeds	34,909	60,205	67,240	11.7
Horticultural crops	178,107	219,481	236,224	7.6
Cattle and calves	117,407	123,122	142,861	16.0
Hogs	18,843	46,142	47,307	2.5
Dairy products	145,583	217,000	228,222	5.2
Poultry and eggs	116,249	137,385	151,080	10.0
Other products	58,507	83,973	98,349	17.1
Total	669,605	887,308	971,283	9.5

Table 6.6

Activity Indicators of the Agricultural Industry

	1983	1984	Change 1983–1984
			(per cent)
Number of agricultural holdings (thousand)	20	20	—
Cultivated land area (thousand hectares)	962	960	−0.2
Farm cash receipts ($ thousands)	887,308	971,283	9.5
Food and beverage manufacturing shipments ($ millions)	2,548	2,566	0.7

Farm Income Insurance

The Farm Income Insurance Program is jointly funded by producers and government. For the fiscal year ended March 31, 1985 the provincial government contributed $29.6 million to the program. Claims paid to producers for the same period totalled $53.5 million, including $10.5 million for beef. Low market prices were experienced for beef, tree fruits and strawberries which contributed to farm losses in those commodities.

Agricultural Credit Program

Provisions under the Agricultural Credit Program include provincial guarantees to banks and credit unions in support of farm loans, partial reimbursement of farm loan interest costs, direct loans to a maximum of $25,000 to finance farmland development and grants up to $40,000 to greenhouse operations as an incentive to adopt proven new technology.

In order to ease financial restraints on farm operators the provincial government has issued 415 guarantees totalling $42.5 million since 1974. At March 31, 1985 loans of $9.5 million were outstanding, with a contingent liability to the government of $2.9 million.

From its inception in 1974 to March 31, 1985 the Partial Interest Reimbursement Program has paid $88.5 million to farm operators to reduce the effective interest rate on agricultural loans. Under the Agricultural Land Development Assistance Program direct loans of $2.6 million were made to farmers in 1984/85. Total loans outstanding at March 31, 1985 amounted to $18.3 million.

Farm Product Industry Improvement Account (1974)

This special account was set up in 1974. Under the *Farm Product Industry Act*, financial assistance in the form of loans, grants and loan guarantees is provided for the development, expansion and modernization of processing facilities for British Columbia agricultural products. At March 31, 1985 loans totalling $100,000 were outstanding under the act and the provincial government had an additional contingent liability of $1.0 million in loan guarantees.

Agriculture and Rural Development Agreement

During 1984, the federal/provincial Agr[illegible]e and Rural Development Subsidiary Agreement provided $6.6 million of assistance on a shared-cost basis for types of projects such as Crown range improvements under coordinated resource management plans, major drainage and irrigation systems research and market facilities development. Under the agreement, $60 million in shared-cost government funding was authorized for projects to be completed by October 31, 1984. At March 31, 1985, $56.5 million had been expended for approved projects, and $58.8 million had been committed.

Agricultural Research

During 1984/85, $150,000 was allocated in cooperation with the University of British Columbia, and a further $300,000 was distributed through a Ministry of Agriculture and Food program aimed at demonstrating technological advances to farmers.

Fisheries

Fish landings by the British Columbia fishing industry decreased by 12 per cent during 1984 to an estimated 165,800 tonnes. However, primarily as a result of an increase in the average price of salmon, the wholesale value of fish products decreased by only 1.1 per cent.

Although salmon landings fell by 33 per cent in 1984, the wholesale value of salmon products declined by only 2.9 per cent, as a result of favourable changes in product prices and species mix.

The wholesale value of herring products fell by 10.9 per cent in 1984, due to a 15.4 per cent drop in landings.

Canada and the United States ratified a Pacific Salmon Treaty on March 15, 1985. The Treaty will facilitate the development of additional stock enhancement opportunities in both countries, since under the agreement each country will receive benefits equivalent to the production of salmon originating from its own waters. Under the agreement Canada will be able to implement conservation measures necessary to rebuild depleted stocks and ensure that Canadian fishermen receive the long-term benefits.

Table 6.7

Wholesale Marketed Value of Fish Products

	1974	1979	1983	1984[1]	Change 1983–1984
		($ millions)			(per cent)
Salmon	165.8	289.6	284.3	276.2	−2.9
Herring	29.9	201.9	111.1	99.0	−10.9
Halibut[2]	6.3	20.1	11.2	13.8	23.2
Groundfish[3]	8.5	34.2	46.8	51.7	10.5
Shellfish	4.6	14.2	17.9	26.0	45.3
Other	5.4	5.5	0.6	0.2	−66.7
Total	220.5	565.5	471.9	466.9	−1.1

[1] Preliminary.
[2] Includes halibut landings at United States ports by British Columbia fishermen.
[3] Includes lake landings to foreign vessels in co-operative fishing arrangements.
Source: Fisheries Production Statistics of British Columbia Marine Resources Branch, Ministry of Environment.

Manufacturing

The value of manufacturing gross domestic product (GDP) in British Columbia was $5.9 billion during 1983. The British Columbia manufacturing sector is dominated by processing and refining of natural resources. As shown in Table 6.8, forest-related industries accounted for 42.4 per cent of the share of GDP provided by manufacturing industries during 1983.

The value of manufacturing shipments increased by 4.5 per cent in 1984 to $17.6 billion. The largest increases were recorded by transportation equipment (50.5 per cent), machinery (24.0 per cent) and primary metals (20.3 per cent). Manufacturing shipments of refined petroleum and coal products, furniture and fixtures, wood products and fabricated metal products declined. Details of manufacturing shipments by industry are provided in Appendix Table 6.8.

Table 6.8

Gross Domestic Product by Manufacturing Industry (at factor cost)

Industry	1983	Share of Manufacturing Total
	($ millions)	(per cent)
Forest-related	2,497	42.4
Mining-related (including smelting and refining)	[illegible]	15.2
Metal-related (machinery, fabrication and transportation equipment)	[illegible]	13.0
Agriculture-related	[illegible]	11.8
Fishing-related	153	2.6
Other	[illegible]	15.0
Total	[illegible]	100.0

Source: British Columbia Economic Accounts.

Business and Industrial Development

The Ministry of Industry and Small Business Development is responsible for promoting regional and industrial development in British Columbia. The ministry's main programs are administered by the Business and Industrial Development Division, which implements and coordinates intergovernmental and joint government-industry programs and projects. The division is responsible for provincial liaison with federal departments on matters of economic and industrial development and for evaluating applications to Investment Canada (formerly the Foreign Investment Review Agency).

The division is also the main government contact with British Columbia industry and works closely with the new provincial Ministry of International Trade and Investment to ensure appropriate trade-related contacts with the province's manufacturing and processing sector. In addition, the division provides counselling and advisory services to the small business community.

Small Business Services

Small Business Services provide counselling to entrepreneurs in order to improve their business skills and thereby strengthen and stabilize the small business sector of the provincial economy. During 1984, the Small Business Services Branch, with 76 Business Information Centres operating throughout the province, responded to more than 92,000 requests for business information and counselling. The branch conducts regular speaking tours and seminars and provides firms with financial assistance to hire consultants for marketing and feasibility studies. It also helps associations by making available financial support to provide business management learning opportunities to their members.

In 1984, in cooperation with the Ministry of Labour, local Chambers of Commerce and the Royal Bank of Canada, the branch administered the Student Venture Capital Program. The program provided $749,000 in interest-free loans to 411 projects and created approximately 265 full-time student summer jobs.

New Enterprise Development

The branch is increasingly involved in joint activities with educational institutions to stimulate an interest among students, non-student youth and adults in entrepreneurship and business as a possible career.

Economic and Regional Development Program

The ten year Canada/British Columbia Economic and Regional Development Agreement (ERDA) was signed in November 1984, and is a successor to the General Development Agreement (GDA) which expired in March 1984. ERDA provides a framework for closer economic cooperation and coordination with the federal government by means of specific sub-agreements. A funding level of $575 million for ERDA and a proposed Small Business Incentives Agreement was agreed to in May 1985 and has been allocated to forestry ($300 million), industrial development ($125 million), travel industry ($30 million), agriculture ($40 million), science and technology ($20 million), minerals development ($10 million) and small business incentives ($50 million).

All sub-agreements are funded 50 per cent by the federal government and 50 per cent by the provincial government (*see* topic box entitled Economic and Regional Development Agreement for details).

Economic and Regional Development Agreement

On November 23, 1984 the federal and provincial governments signed the Canada-British Columbia Economic and Regional Development Agreement (ERDA), creating a framework for coordinating federal/provincial funding of economic development initiatives in British Columbia. The agreement replaces the former General Development Agreement (GDA) which expired on March 31, 1984.

Within the ERDA framework, the two governments have agreed on six subsidiary agreements of five-year duration, with a total value of $525 million. In addition, the two governments have agreed to provide $50 million for a Small Business Incentives Agreement which, when signed, will replace part of the federal Industrial and Regional Development Program. In total, each government is expected to contribute 50 per cent, or $287.5 million, for the specific initiatives set out in the individual subsidiary agreements for forestry, industrial development, agriculture, tourism, science and technology, and minerals development, and for the Small Business Incentives Agreement. The ERDA forms a significant part of the provincial government's economic renewal strategy. Details on each subsidiary agreement are provided below.

Forest Resource Development Subsidiary Agreement (FRDSA)

The FRDSA provides $300 million for reforestation and intensive forest management (for example, thinning and fertilization of existing stands of timber). The enhanced silviculture program will be delivered primarily through private sector contracts with some funds going toward construction of a new provincial seed centre and enhancement of provincial research facilities. The objective is to renew and improve the forest resource of the province to ensure the availability of timber for harvesting in future years. Over the term of the agreement, it is expected that 15,000 person-years of employment will be generated in forest management, mostly in the private sector.

Industrial Development Subsidiary Agreement (IDSA)

The IDSA provides $125 million for financial assistance to individual companies which undertake large-scale industrial development projects in the province. The objective is to enhance the international competitiveness of traditional industries and to encourage the development of export-oriented and other strategic industries. A large part of the provincial government's contribution will be provided from the $50 million Industrial Incentive Fund established in the 1985 budget to provide financial assistance to projects in the manufacturing sector.

Agri-Food Regional Development Subsidiary Agreement (ARDSA)

The ARDSA provides $40 million for contracts and grants to producers and associations for the conservation and development of British Columbia's agricultural resources. Planned initiatives include the enhancement of productivity in the agricultural sector, resource enhancement through the construction of irrigation and drainage systems and commodity development through such programs as the financing of new agricultural support facilities.

Tourist Development Subsidiary Agreement (TDSA)

The TDSA provides $30 million for grants and loans for tourism market development, construction of tourism facilities and manpower training in the industry. The provincial contribution will be provided mainly through loans from the $25 million Tourism Incentives Program, which was introduced in the 1985 budget.

Science and Technology Development Subsidiary Agreement (STDSA)

The STDSA provides $20 million in grants to establish centres of excellence in computer science, microelectronics, and applied mathematics and robotics; to supplement the operation and equipping of a Biomedical Research Centre on the campus of the University of British Columbia; and, to encourage the transfer of technology through the establishment of university-industry liaison offices at British Columbia's three universities.

Mineral Development Subsidiary Agreement (MDSA)

The MDSA provides $10 million for expanding the province's geoscience data base through contract funding of geological surveys, and for facilitating the development of known mineral deposits through industry-government cost-sharing of technical studies, such as engineering studies for access roads.

Small Business Incentives Agreement (SBIA)

The SBIA will provide $50 million in loans to assist small and medium sized manufacturing, processing and advanced technology development projects. The agreement will replace that part of the existing federal Industrial and Regional Development Program (IRDP) which provided federal loans of up to $500,000 to industry for plant modernization, establishment and expansion. These loans will now be provided under SBIA through three new provincial loan programs: the Small Manufacturers' Incentive Program, the Industrial Development Assistance Program, and the Aquaculture Incentive Program.

Industrial Development Programs

Programs under the $125 million Industrial Development Subsidiary Agreement (IDSA) and the $50 million Small Business Incentives Agreement will support manufacturing and processing industries to meet a range of modernization needs through the use of advanced technology, encourage additional value-added processing of primary resources, and support adaptation and diffusion of technology to industry.

The provincial government has also enacted legislation to allow individuals and corporations to invest in Small Business Venture Capital Corporations (VCCs) which will provide risk capital to eligible small businesses in the manufacturing and processing sectors and in the fields of advanced technology and aquaculture (*see* topic box entitled Small Business Venture Capital Program: Chapter 2 for further details).

LILA Program

The ministry and the British Columbia Development Corporation are responsible for the financing of the Corporation's activities under the Low Interest Loan Assistance Program (LILA) and the Low Interest Funding Today (LIFT) program. The LILA program provides low interest loans of up to $200,000 for eligible manufacturers and processors. The total value of loans provided under this program since its inception is $42 million, including $11.1 million issued during 1984/85.

International Trade and Investment

The new Ministry of International Trade and Investment was established in February 1985 to give British Columbia a stronger economic presence around the world, and to recognize the importance of expanded trade and investment to the provincial economy.

The ministry is responsible for all aspects of international marketing, the promotion of foreign investment and trade policy.

The results of the Ministry's activity during 1984 (formerly Trade and Industry Division of the Ministry of Industry and Small Business Development), are listed in Table 6.9. These activities resulted in $9 million in direct sales and $192 million in projected sales of British Columbia products. New business investment of $54.8 million was realized through the business immigration program which created in excess of 2,000 new jobs for British Columbia residents.

Table 6.9

Activities of Ministry of International Trade and and Investment

Activity	Number
Trade missions	54
British Columbia companies assisted in overseas market development	148
Incoming buyers	[illegible]
Companies given assistance to participate in trade shows	[illegible]

In 1984/85, an aggressive program was undertaken to assist the province's manufacturers to identify export market opportunities for British Columbia goods and services. The ministry sponsored trade show participation in Toronto (hotel/restaurant products and equipment, fashionware), the United States (food, fish, building products, remotely operated vehicles and helicopter servicing) and Switzerland (telecommunications).

A series of investment opportunity seminars was presented in Malaysia, Singapore, Hong Kong, Japan and the United States. The ministry also participated at an automotive trade show in the United States. As well as these out-of-province initiatives, the Ministry hosted 20 incoming delegations from six countries.

Staff operating from British Columbia House in the United Kingdom represented the province at the world's largest industrial fair at Hanover, West Germany.

Science and Technology

The Science and Technology Division of the Ministry of Universities, Science and Communications funds scientific research and technological development projects by coordinating research activities of government and by assisting individuals and organizations interested in scientific research and development activities.

Science Council of British Columbia

The Science Council of British Columbia advises the government on research and development priorities and, supported by the Secretariat on Science, Research and Development, provides funding for research. In 1984/85, the Science Council provided $3.3 million for applied research and development awards, $0.6 million for Graduate Research Engineering and Technology (GREAT) Awards and $0.2 million for Industrial Post-Doctoral Fellowships and other projects.

Discovery Foundation

The Discovery Foundation, a non-profit society, and its wholly-owned subsidiary, Discovery Parks Incorporated, were established to advance scientific, technological and industrial research in British Columbia, partly through the establishment of industrial research parks. These parks provide an opportunity for the industrial sector to work with the academic community in the development of advanced and high technology industry. "Discovery Parks" currently operate adjacent to the British Columbia Institute of Technology and at Simon Fraser University. Further Discovery Park activities are planned at the University of British Columbia and the University of Victoria. The Discovery Foundation also administers the Discovery Enterprise Program designed to provide risk capital for the early stages of commercialization of advanced technology products and processes. In addition, the British Columbia Innovation Office has been established to provide advice and assistance to small and medium sized firms and to academics interested in the commercial development of innovations.

British Columbia Research Council

The British Columbia Research Council, a non-profit organization, undertakes both contract and government-funded research and provides assistance to the industrial sector. For 1984, contract funding was provided by the government of

British Columbia (32.0 per cent), other governments (29.6 per cent) and industry (38.4 per cent). Core research funding provided by the provincial government is directed to research programs of provincial priority.

Communications

At March 31, 1984 there were 67 originating AM stations, 19 originating FM stations and 12 originating television stations, plus 2 pay-television networks in British Columbia. In addition, there were 575 rebroadcasting stations comprising 97 AM, 96 FM and 297 television, plus 85 Cancom subscriber television stations (STV/MTV's). Through 111 cable systems, local cable television is available to over 96 per cent of the residents of the province. Recent technological developments have allowed many communities in remote areas of the province to receive television signals via satellite.

The Ministry of Universities, Science and Communications has encouraged the installation of earth terminals in remote communities by providing grants for part of the capital cost of satellite receiving dishes and television transmitters. During the four-year life of the program expenditure of $2 million in grants has resulted in educational television and basic television network services being made available to approximately 60,000 households in more than 200 communities in the province.

Telecommunication and Electronics

In 1984, this high technology industry provided 4,300 manufacturing jobs in the province, of which more than 75 per cent were in the telecommunications field. Total sales for telecommunications and electronics are estimated at $390 million in 1984.

Telephone Systems

At the end of 1984, there were 1,106,831 residence telephone lines and 302,835 business telephone lines in operation in British Columbia. Telephone service was provided to 98.2 per cent of residential households in the province in 1984. Telephone service is regulated by the federal Canadian Radio-television and Telecommunications Commission.

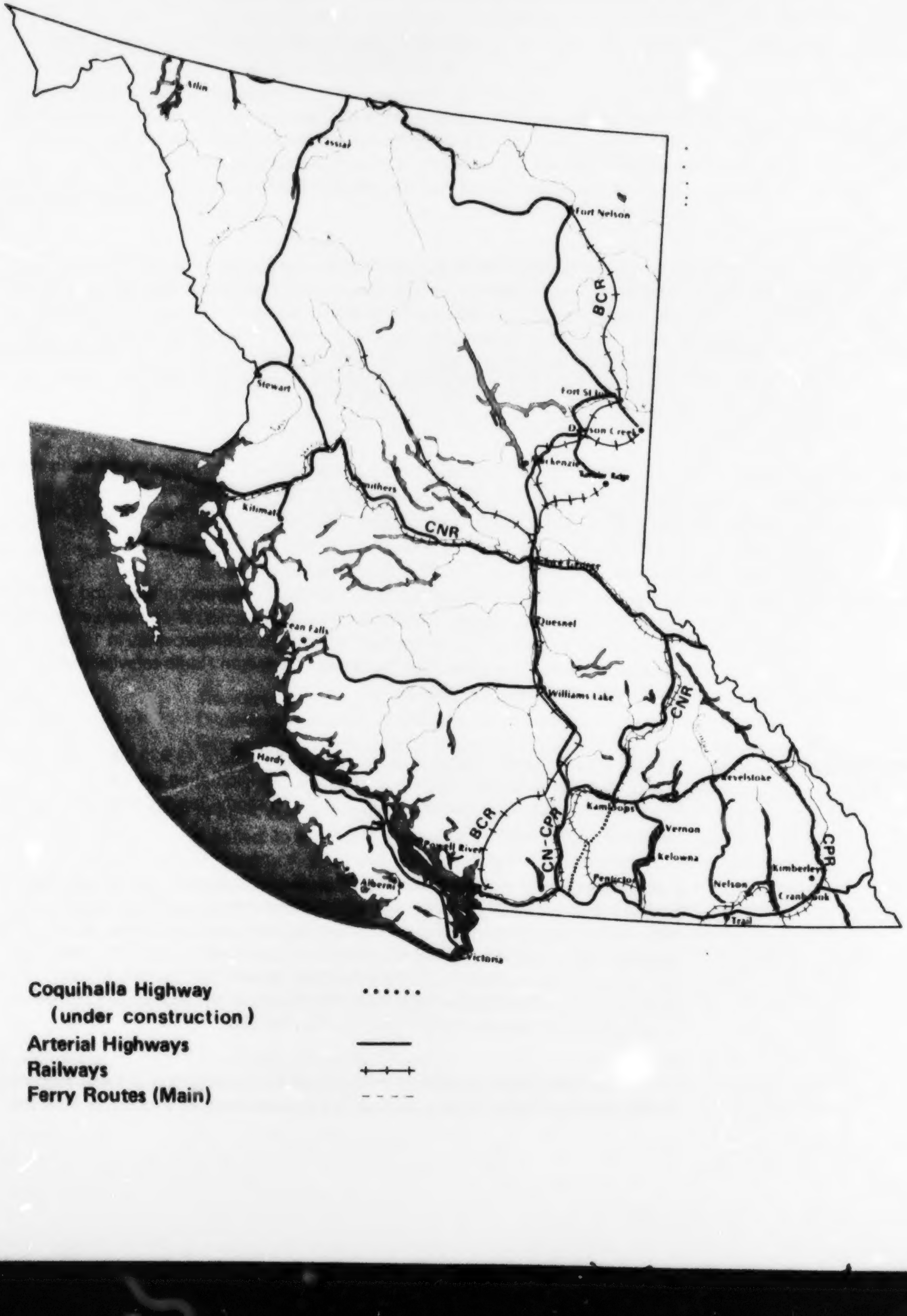
Transportation

The Ministry of Transportation and Highways administers 43,939 kilometres of provincial roads and rights-of-way of which 19,219 kilometres are paved and 24,720 kilometres are gravelled. There are 2,076 kilometres of provincial arterial highways in municipalities.

Late in 1984, the provincial government commenced construction on two major highway related capital projects. The first of these is the Coquihalla highway from Hope to Kamloops (*see* Map 6.4). This new highway will shorten the driving time between Vancouver and various communities in the interior of British Columbia by up to two hours and is expected to be open in time for Expo 86. During 1984/85, expenditure for the project was $123 million. An additional $281 million is expected to be spent on the project during 1985/86.

The second major project started in 1984 was the construction of the Annacis Bridge over the Fraser River to provide improved access to Vancouver from the

Map 6.4 Provincial Transportation Network



Atlin
Cassiar
Fort Nelson
BCR
Stewart
Fort St John
Dawson Creek
Mackenzie
Tumbler Ridge
Smithers
Kitimat
CNR
Prince George
Quesnel
Ocean Falls
Williams Lake
CNR
Revelstoke
Hardy
Kamloops
Vernon
BCR
CN-CPR
Kelowna
Powell River
Penticton
Nelson
Kimberley
CPR
Cranbrook
Trail
Alberni
Victoria
Coquihalla Highway (under construction) ......
Arterial Highways
Railways
Ferry Routes (Main) - - - -

south. It is anticipated that this project will also be completed in time for Expo 86. Expenditure totalled $119 million during 1984/85 with an additional $175 million in expenditure projected for 1985/86.

Summary indicators on provincial highway construction during 1984/85 are presented in Table 6.10.

Table 6.10

Provincial Highway Construction

Fiscal Year Ended March 31,	1984	1985	Change 1984–1985
Construction	(kilometres)		(per cent)
By contract			
four-lane	5	47	840.0
two-lane	156	25	−84.0
By day-labour			
two-lane	52	24	−53.8
Total	213	96	−54.9
Paving			
New	1,173	299	−74.5
Sealcoat (maintenance)	570	389	−31.8
	(number)		
Bridges and major highway structures	37	30	−18.9
Highway and bridge expenditure	($ millions)		
Capital	441	410	−7.0
Maintenance	221	257	16.3
Total	662	667	0.8

Railways

There are approximately 7,500 kilometres of main line track operated in the province by the British Columbia Railway, Canadian Pacific Railway, Canadian National Railway and other railways.

The British Columbia Railway provides passenger service from North Vancouver to Prince George. VIA Rail provides rail passenger services on the Canadian National Railway Northline, Prince Rupert to Edmonton; on the Canadian Pacific Railway Transcontinental line, Vancouver to Calgary; and on the Esquimalt and Nanaimo Railway line, Victoria to Courtenay. As of June 1, 1985 VIA Rail reinstituted passenger service on the Canadian National line from Vancouver to Edmonton.

The British Columbia Hydro and Power Authority operates a rail freight service in the Lower Mainland and the Fraser Valley, while the Burlington Northern Railway runs between the Lower Mainland and Seattle. The Canadian Pacific Railway and the Canadian National Railway operate railcar barge connections to Vancouver Island, and the Canadian National Railway operates the Aqua-train service between Prince Rupert and Whittier, Alaska.

The Canadian National Railway spent approximately $182 million in British Columbia during 1984 for railway maintenance and plant expansion. Of the total, approximately $152 million was spent for plant expansion, including $111 million for double-tracking and upgrading the Northline to Prince Rupert. The double-tracking was undertaken to accommodate projected coal and grain traffic. The remaining $30 million was spent on routine maintenance.

The Canadian Pacific Railway spent $245 million in 1984 on track renewal, upgrading and maintenance in British Columbia. Of this total, $131 million was spent on capital projects, including $65 million on the Rogers Pass tunnel project, $23 million on double-tracking and $11 million on new and refurbished rail. Maintenance expenditure totalled $114 million.

The British Columbia Railway began operations in late 1983 on its new electrified Tumbler Ridge line. This 117-kilometre line, constructed at a cost of $455 million, services the coalfields in northeastern British Columbia. A total of 57,486 cars, containing 5.8 million short tons of coal, was hauled over this line in 1984.

Further information pertaining to the British Columbia Railway is presented in Chapter 4.

Deep Sea Shipping

The Port of Vancouver is British Columbia's major seaport, while additional ports are located at Prince Rupert, New Westminster, Victoria, Nanaimo, Port Alberni, Campbell River and Powell River. These ports have deep-sea facilities and are open year round.

Vessels arriving at British Columbia ports from international locations numbered 8,269 in 1983 while 8,291 vessels departed for international destinations. Approximately 4.2 million tonnes of cargo were unloaded and 57.1 million tonnes of cargo were loaded for foreign destinations.

Coal and coke remained the leading tonnage export commodity for Vancouver in 1984. Coal exports totalled 19.8 million tonnes. Grain exports accounted for approximately 10.8 million tonnes, while lumber and pulp shipments reached 1.9 million and 0.8 million tonnes respectively. Container traffic increased 16 per cent from 1983 to 1.4 million tonnes.

New terminal facilities were completed at Roberts Bank in 1984, bringing total coal handling capacity to 20 million tonnes per year.

Coal shipments of 5.2 million tonnes through the new Ridley Island terminal enabled Prince Rupert to handle a record 8.1 million tonnes of cargo in 1984, up from 3.1 million in 1983. In May 1985, a new $275 million grain terminal, with an annual throughput capacity of 3.5 million tonnes, was officially opened at Prince Rupert.

Coastal Shipping

Many coastal communities in British Columbia are dependent on shipping for the transportation of cargo and passengers. Tug and barge services connect major centres with a number of small communities on Vancouver Island, the Gulf Islands, the mainland coast and the Queen Charlotte Islands. Small coastal vessels provide a mix of passenger and package freight services.

British Columbia ports handled an estimated 39.8 million tonnes of domestic shipping in 1983, comprised of equal movements of 19.9 million tonnes inbound and outbound, a decrease of 15 per cent from 1982.

Ferry Service

British Columbia Ferry Corporation provides drive on/drive off freight and passenger service on its major routes. The Ministry of Transportation and Highways provides ferry service on 17 freshwater routes (comprising lake and river crossings) and 10 saltwater routes. The ministry also subsidizes 8 other routes. For the year ended March 31, 1985 these ferries carried 8.5 million passengers and 3.9 million vehicles, with the saltwater routes accounting for 3.2 million of the passengers and 1.3 million of the vehicles.

For information on the British Columbia Ferry Corporation and the British Columbia Steamship Company (1975) Ltd. see Chapter 4.

Air Transport

There are approximately 110 licenced air carriers based in British Columbia providing scheduled and charter services to domestic and foreign destinations. Licenced bases in the province include more than 200 land-based airports, 63 water-based facilities and 23 heliports. Activity at the province's largest airport, the Vancouver International Airport, is detailed in Table 6.11.

Table 6.11

Activity at Vancouver International Airport

Totals In/Out		1983	1984	Change 1983–1984
				(per cent)
Passengers	(thousands)	6,503	[illegible]	6.0
Airmail	(tonnes)	20,741	18,649	−10.1
Air cargo	(tonnes)	85,287	82,411	−3.4
Aircraft movements	(thousands)	246	247	0.4

Source: Based on Transport Canada preliminary estimates.

The provincial Air Transport Assistance Program was established in 1977 to assist the development of community airports and regional air services in British Columbia. To March 31, 1985 provincial grants totalling $19.6 million had been allocated.

Motor Transport

During the 1984 licence year approximately 1.2 million passenger vehicles and 442,000 commercial vehicles were licenced in the province, up 0.7 per cent and down 1.3 per cent respectively, from the previous licence year.

Pipelines

In British Columbia there are approximately 2,100 kilometres of crude oil trunk and gathering lines, 5,300 kilometres of natural gas transmission lines and 12,100 kilometres of natural gas gathering and distribution lines (*see* Map 6.5).

Map 6.5 Provincial Pipeline Network and Major Hydroelectric Dams

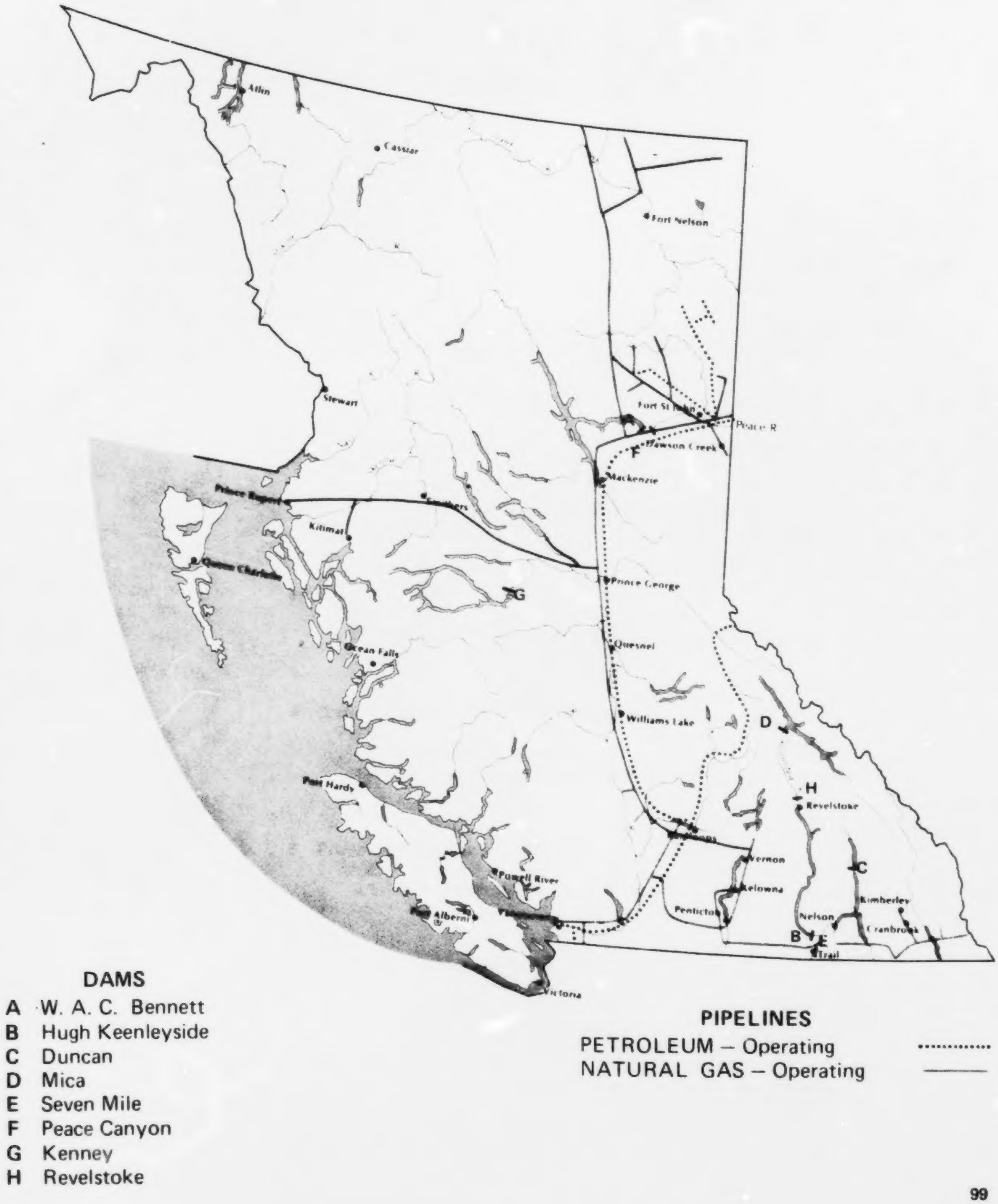

Atlin
Cassiar
Fort Nelson
Stewart
Fort St John
Peace R.
Dawson Creek
F
Mackenzie
Prince Rupert
Smithers
Kitimat
Queen Charlotte
Prince George
G
Ocean Falls
Quesnel
Williams Lake
D
H
Revelstoke
Port Hardy
Kamloops
Vernon
Kelowna
C
Powell River
Penticton
Kimberley
Cranbrook
Nelson
Port Alberni
Vancouver
B
E
Trail
Victoria
DAMS
A W. A. C. Bennett
B Hugh Keenleyside
C Duncan
D Mica
E Seven Mile
F Peace Canyon
G Kenney
H Revelstoke
PIPELINES
PETROLEUM – Operating
NATURAL GAS – Operating

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Table 1.1

Summary Table of Economic Activity for British Columbia

	Units	1981	1982	1983	1984[1]	Change 1983–1984
Annual aggregate indicators						(per cent)
Population	thousands	2,744	2,791	2,821	2,865	1.6
Gross domestic product (at market prices)	$ millions	43,195	44,459	47,238	49,222	4.2
Personal income	$ millions	35,443	38,591	40,523	41,536	2.5
Capital investment	$ millions	11,885	10,102	9,346	8,662	−7.3
Business incorporations	number	23,368	11,432	13,787	14,052	1.9
Labour statistics						
Labour force	thousands	1,361	1,370	1,389	1,410	1.5
Employment	thousands	1,270	1,204	1,197	1,202	0.4
Unemployment rate	per cent	6.7	12.1	13.8	14.7	N/A
Prices and earnings						
Consumer price index (Vancouver)	1981 = 100	100.0	110.5	116.6	121.3	4.0
Average weekly earnings	$	407.03	445.43	476.85	491.75	3.1
Wages and salaries	$ millions	21,780	22,732	23,293	23,571	1.2
Other indicators						
Manufacturing shipments	$ millions	16,798	15,690	16,892	17,647	4.5
Retail sales	$ millions	12,000	11,766	12,257	13,005	6.1
Housing starts	number	41,585	19,807	22,607	16,169	−28.5
Non-residential building permits	$ millions	1,335	1,026	775	827	6.7
U.S. housing starts	thousands	1,084	1,062	1,703	1,749	2.7
Tourism revenue	$ millions	2,020	2,009	2,155	2,325	7.9
Commodity data						
Lumber production	thousand m^3	24,598	23,856	30,773	30,884	0.4
Pulp production	thousand tonnes	4,817	4,759	5,572	5,189	−6.9
Newsprint, other paper and paperboard	thousand tonnes	1,870	1,905	2,158	2,085	−3.4
Coal production	thousand tonnes	11,753	10,646	11,480	21,028	83.2
Farm cash receipts	$ millions	890	942	887	971	9.5
Petroleum and natural gas production	$ millions	885	913	897	998	11.3
Landed value of fish products	$ millions	232	234	201	232	15.4

[1] Includes some estimates.

Table 1.2

Capital and Repair Investment

	1983[1]	1984[2]	1985[3]	Change 1983–1984	Change 1984–1985
Capital		($ millions)		(per cent)	
Utilities	2,502.3	2,043.5	1,723.7	−18.3	−15.6
Housing	2,032.7	1,671.6	1,659.5	−17.8	−0.7
Primary industries and construction industry	1,665.9	1,200.4	1,043.0	−27.9	−13.1
Institutions and government departments	1,346.5	1,425.8	1,471.0	5.9	3.2
Manufacturing	535.0	722.2	772.5	35.0	7.0
Trade, finance and commercial	1,263.2	1,598.3	1,970.0	26.5	23.3
Total	9,345.6	8,661.8	8,639.7	−7.3	−0.3
Repair					
Utilities	827.7	866.2	895.7	4.7	3.4
Housing	426.6	440.5	460.6	3.3	4.6
Primary industries and construction industry	734.6	717.0	762.3	−2.4	6.3
Institutions and government departments	398.3	349.8	413.6	−12.2	18.2
Manufacturing	637.5	661.8	677.6	3.8	2.4
Trade, finance and commercial	194.7	204.2	216.6	4.9	6.1
Total	3,219.4	3,239.5	3,426.4	0.6	5.8
Total, Capital and Repair					
Utilities	3,330.0	2,909.7	2,619.4	−12.6	−10.0
Housing	2,459.3	2,112.1	2,120.1	−14.1	0.4
Primary industries and construction industry	2,400.5	1,917.4	1,805.3	−20.1	−5.8
Institutions and government departments	1,744.8	1,775.6	1,884.6	1.8	6.1
Manufacturing	1,172.5	1,384.0	1,450.1	18.0	4.8
Trade, finance and commercial	1,457.9	1,802.5	1,186.6	23.6	−34.2
Total	12,565.0	11,901.3	12,066.1	−5.3	1.4

[1] Actual.

[2] Preliminary actual.

[3] Revised intentions.

Source: Statistics Canada Catalogue 61-205, and 61-206.

Table 1.3

Foreign Exports of Selected Major British Columbia Products[1]

	1974	1983	1984	Change 1983–1984
		($ millions)		(per cent)
Lumber	1,046.0	2,631.8	2,667.9	1.4
Pulp	936.6	1,427.2	1,762.3	23.5
Coal	168.9	821.8	1,537.9	87.1
Newsprint	269.9	577.5	641.2	11.0
Natural gas	131.1	446.1	430.3	−3.5
Aluminum ingots	139.3	306.8	395.1	28.8
Copper ore and ingots	458.6	370.8	381.9	3.0
Fish products	141.9	361.1	370.6	2.6
Zinc ore and ingots	70.2	189.1	276.8	46.4
Cedar shingles and shakes	50.6	216.6	243.8	12.6
Logs poles and pulpwood	30.2	149.8	230.6	53.9
Chemicals and related products	38.4	224.9	201.1	−10.6
Machinery	63.6	149.2	191.0	28.0
Food, feed and beverages (non-fish)	82.0	186.5	190.7	2.3
Silver, in metal, ores and concentrates	35.4	208.2	148.5	−28.7
Fuel oils	1.4	74.3	132.9	78.9
Trucks	25.8	50.8	130.9	157.7
Paper (except newsprint)	51.3	105.1	122.9	16.9
Plywood (softwood)	50.4	120.5	120.6	0.1
Electricity	9.9	87.3	109.8	25.8
Gasoline	4.8	80.1	98.1	22.5
Asbestos	25.9	79.6	96.1	20.7
Molybdenum concentrates	43.6	96.6	82.2	−14.9
Pulpwood chips	9.0	78.7	78.6	−0.1
Paperboard	47.6	71.9	69.5	−3.3
Gold, in metals, ores and concentrates	N/A[2]	66.1	63.9	−3.3
Lead ores and ingots	27.7	42.0	44.2	5.2
Shipping containers	2.0	30.6	32.9	7.5
Communications/telecomm. equipment	8.7	19.6	31.9	62.8
Metal bearing ores and concentrates, NES[3]	13.3	11.7	30.6	161.5
Sulphur	0.5	22.1	27.0	22.2
Ships, boats, parts and engines	9.9	36.3	20.5	−43.5
All other products	182.7	584.3	696.7	19.2
Total	4,177.2	9,925.0	11,659.0	17.5

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[1] Estimated through all Canadian customs ports.
[2] N/A — not shown separately.
[3] NES — not elsewhere specified.

Table 1.4

Exports of British Columbia Products to the United States, Japan, United Kingdom and Other European Economic Community Countries

	United States				Japan			
	1974	1983	1984	Change 1983–1984	1974	1983	1984	Change 1983–1984
		($ millions)		(per cent)		($ millions)		(per cent)
Lumber	692.9	1,847.3	1,881.2	1.8	110.3	341.7	351.0	2.7
Shakes and shingles	49.0	211.6	239.3	13.1	—	0.1	0.1	—
Wood pulp	317.6	375.7	468.0	24.6	167.1	274.4	328.4	19.7
Newsprint	184.4[1]	482.9	520.1	7.7	3.6	3.7	4.5	21.6
Other paper and paperboard	7.7	34.2	61.6	80.1	13.9	36.1	32.0	-11.4
Aluminum ingots	55.8	61.5	92.2	49.9	47.6	120.4	172.6	43.4
Zinc ingots	42.4	97.0	136.7	40.9	0.1	0.7	3.4	385.7
Lead ingots	10.4	15.0	27.9	86.0	—	1.7	—	—
Copper concentrates	19.9	16.8	18.8	11.9	431.6	266.3	272.6	2.4
Molybdenum concentrates	—	3.5	3.3	-5.7	10.3	14.8	25.6	73.0
Natural gas	131.1	446.1	430.3	-3.5	—	—	—	—
Coal	0.3	7.5	7.8	4.0	159.7	560.5	1,097.5	95.8
Fish products	30.1	55.0	66.1	20.2	38.9	135.7	144.6	6.6
Gasoline, fuel oils	6.3	143.0	168.3	17.7	—	10.2	16.6	62.7
Machinery	46.1	109.8	145.0	32.1	0.7	5.3	4.3	-18.9
Trucks	24.5	41.7	128.7	208.6	—	—	—	—
Electricity	9.9	87.3	109.8	25.8	—	—	—	—
Food, feed and beverages (non-fish)	51.9	98.8	99.2	0.4	19.6	38.8	38.4	-1.0
Silver, in metals, ores and conc.	24.9	118.9	84.2	-29.2	10.4	68.3	48.1	-29.6
Chemicals and related products	33.5	77.8	69.8	-10.3	0.8	101.0	81.0	-19.8
Pulpwood chips	9.0	45.9	31.1	-32.2	—	32.9	46.6	41.6
Other	173.5	583.3	694.2	19.0	39.3	201.0	247.5	23.1
Total	1,921.2	4,960.6	5,483.6	10.5	1,053.9	2,213.6	2,914.8	31.7

	United Kingdom				Other European Economic Community Countries			
	1974	1983	1984	Change 1983–1984	1974	1983	1984	Change 1983–1984
		($ millions)		(per cent)		($ millions)		(per cent)
Lumber	115.4	140.1	133.2	-4.9	43.7	98.5	86.4	-12.3
Plywood	34.4	57.9	55.5	-4.1	12.3	47.3	53.3	12.7
Wood pulp	70.7	56.6	79.4	40.3	280.9	435.1	533.0	22.5
Paper and paperboard[1]	33.4	36.8	35.6	-3.3	26.1	37.7	22.4	-40.6
Copper concentrates and ingots	—	1.2	—	—	7.1	1.6	0.3	-81.2
Aluminum ingots	0.2	—	—	—	5.4	—	—	—
Zinc ingots	11.3	20.1	45.6	126.9	—	5.8	10.7	84.5
Lead ingots	13.6	12.3	13.5	9.8	1.3	2.8	1.0	-64.3
Molybdenum concentrates	4.8	22.5	8.8	-60.9	24.5	49.5	36.8	-25.7
Asbestos fibres	3.3	7.9	9.6	21.5	4.7	25.0	24.4	-2.4
Canned salmon	22.2	63.3	39.2	-38.1	9.2	8.9	10.4	16.9
Food, feed and beverages (non-fish)	2.4	10.3	10.0	-2.9	0.7	7.0	8.9	27.1
Other	13.8	22.5	32.4	44.0	39.2	151.2	189.6	25.4
Total	325.5	451.5	462.8	2.5	455.1	870.4	977.2	12.3

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[1] Includes newsprint.

Table 1.5

Exports of Forest and Mineral Products to Major Countries

	Forest Products				Minerals[1]			
	1974	1983	1984	Change 1983–1984	1974	1983	1984	Change 1983–1984
		($ millions)		(per cent)		($ millions)		(per cent)
United States	1,288.4	3,177.0	3,395.4	6.9	342.8	986.5	1,063.4	7.8
Japan	311.1	779.0	908.2	16.6	678.3	1,102.8	1,700.2	54.2
United Kingdom	254.5	294.3	306.8	4.2	36.9	67.2	91.6	36.3
Other European Economic Community countries	363.9	622.5	698.9	12.3	55.9	132.2	152.2	15.1
Australia	72.2	94.3	153.1	62.4	8.5	9.2	15.8	71.7
People's Republic of China	3.5	148.2	162.4	9.6	—	77.1	136.6	77.2
South Korea	23.0	35.3	54.9	55.5	1.8	187.8	249.4	32.8
Other countries	193.1	371.4	430.7	16.0	51.3	313.7	419.1	33.6
Total	2,509.7	5,522.0	6,110.4	10.7	1,175.5	2,876.5	3,828.3	33.1

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[1] Includes metals in ores and concentrates (iron, lead, zinc, copper, molybdenum, etc.); coal, crude petroleum and natural gas; crude non-metallic minerals (asbestos, clays, sand and gravel, sulphur, limestone, etc.); refined non-ferrous metals (lead, zinc, silver, aluminum, etc.) and petroleum and coal products (butane, propane, fuel oil, gasoline, etc.).

Table 1.6

Imports by Commodity Group Through British Columbia Customs Ports

	1974	1983	1984	Change 1983–1984
		($ millions)		(per cent)
Food, feed, beverages and tobacco	375.1	877.4	997.8	13.7
Metal in ores, concentrates and scrap	76.3	214.5	230.4	7.4
Other crude materials[1]	69.6	188.3	221.5	17.6
Fabricated materials				
iron, steel and alloys	290.7	197.7	309.2	56.4
chemicals, petroleum and coal products	116.1	239.0	270.1	13.0
wood products, pulp, paper and paperboard	128.4	216.9	215.8	−0.5
textile fabricated materials	38.5	51.3	60.1	17.2
other fabricated materials[2]	143.4	323.2	313.4	−3.0
Machinery, transportation and other equipment and tools	1,378.7	3,338.3	4,220.9	26.4
Personal and household goods[3]	114.1	320.0	393.6	23.0
All other products[4]	144.2	483.5	594.3	22.9
Total	2,875.1	6,450.1	7,827.1	21.3

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[1] Includes inedible animal and vegetable products; non-fabricated wood and coal and petroleum products.

[2] Includes leather and rubber fabricated materials; oils, fats, waxes and derivatives; metal fabricated materials (excluding machinery and tools) and structural materials.

[3] Includes wearing apparel and accessories; house furnishings and utensils; toys, games and sporting goods; toiletries; jewellery and silverware.

[4] Includes magazines and newspapers; office supplies; photographic goods; firearms and medicinal and pharmaceutical products.

Table 1.7

Total Imports Through British Columbia Customs Ports by Major Countries

	1974		1983		1984		Change in Value 1983–1984
	($ millions)	Per cent of total	($ millions)	Per cent of total	($ millions)	Per cent of total	(per cent)
United States	1,589.3	55.3	2,772.3	43.0	3,232.4	41.3	16.6
Japan	681.3	23.7	2,167.8	33.6	2,670.7	34.1	23.2
Australia	115.8	4.0	142.8	2.2	155.3	2.0	8.8
United Kingdom	66.7	2.3	76.5	1.2	94.8	1.2	23.9
Other European Economic Community countries[1]	109.1	3.8	248.1	3.8	327.6	4.2	32.0
Other countries	312.9	10.9	1,042.6	16.2	1,346.3	17.2	29.1
Total	2,875.1	100.0	6,450.1	100.0	7,827.1	100.0	21.3

[1] Ireland, Denmark, Belgium, Luxembourg, France, Federal Republic of Germany, Netherlands, Italy, Greece.

Table 2.1

Summary of Major Tax Rate Changes, 1984 and 1985 (to August 1, 1985)

(1) The *Income Tax Act* (British Columbia) was amended effective January 1, 1984 to impose a health care maintenance surtax. The health care maintenance surtax is 4 per cent of British Columbia tax in 1984 and 8 per cent of British Columbia tax in 1985 and subsequent years.

(2) The *Social Service Tax Act* was amended effective February 21, 1984 to exempt specified safety-related items from social service tax.

(3) The *Hotel Room Tax Act* was amended effective March 1, 1984 to end the two-rate hotel room tax structure and establish a single tax rate of 7 per cent on all accommodation priced in excess of $10 per night.

(4) The *Home Owner Grant Act* was amended to increase the minimum amount of property tax payable, after deduction of the homeowner grant, to $175 from $150, effective January 1, 1985, and to $200, effective January 1, 1986. The minimum for senior citizens and others eligible for the supplementary grant will remain at $1.

(5) The *Corporation Capital Tax Act* was amended to replace the $1 million exemption with a $5 million deduction from paid up capital for fiscal years ending after April 1, 1985 and to include all bankers acceptances in the tax base. For fiscal years ending after April 1, 1986 the deduction will be increased to $10 million. For subsequent fiscal years, the tax will be eliminated except for major banks with head offices outside British Columbia.

(6) The *Income Tax Act* (British Columbia) was amended to institute a two-year small business employment tax credit equivalent to approximately $300 per employee for fiscal years commencing after March 31, 1985.

(7) The *Income Tax Act* (British Columbia) was amended effective for the 1985 taxation year to establish a venture capital tax credit for purchasers of shares in small business venture capital corporations.

(8) The *Income Tax Act* (British Columbia) was amended effective January 1, 1985 to extend the low income notch provisions to the health care maintenance surtax and to take account of changes to the federal tax reduction.

(9) The *Insurance Premium Tax Act* was amended effective January 1, 1986 to increase the general insurance tax rate to 3 per cent from 2 per cent and to include marine insurance for pleasure craft in the tax base at a tax rate of 1 per cent, increasing to 3 per cent by January 1, 1988.

(10) The *Social Service Tax Act* was amended effective March 15, 1985 to exempt specified items purchased for use in the aquaculture industry, specified items consumed or used by firms in the manufacture or servicing of goods, returnable milk bottles, and propane and natural gas used by farmers for grain drying.

(11) The *Social Service Tax Act* was amended effective March 15, 1985 to establish a temporary use provision for specified equipment used for seismic studies or petroleum and natural gas exploration and development.

(12) The *Social Service Tax Act* was amended effective March 15, 1985 to make the cost of component materials the basis for social service tax on portable buildings.

(13) The *Social Service Tax Act* was amended effective the first billing on or after April 1, 1985 to make charges for pay television (but not basic cablevision) taxable.

(14) The *Gasoline Tax Act* and the *Gasoline (Coloured) Tax Act* were amended effective March 15, 1985 to reduce the tax rates for coloured motor fuels and aviation fuel to 7 per cent of the pre-tax selling price of gasoline. The tax rate on marine bunker fuel was reduced to 7 per cent of the pre-tax price of marine bunker fuel.

(15) The *Assessment Act* was amended to freeze the assessed value of existing machinery and equipment at September 30, 1984 levels for the 1986 taxation year, to eliminate the assessment of new machinery and equipment installed after September 30, 1984, and to eliminate the assessment of existing machinery and equipment effective for the 1987 tax year. In conjunction with this change, property tax rates on machinery and equipment will be reduced to zero over three years, commencing with the 1985 taxation year. Also commencing in the 1985 taxation year the school tax rates on industrial and commercial property will be reduced over three years from 3.4 and 2.45 times, respectively, to 2.0 times the typical residential rate.

(16) The *Assessment Act* was amended effective July 1, 1985 to provide for special assessment provisions for long time owners of non-conforming residential property.

(17) The *Assessment Act* was amended effective for the 1986 tax year to provide for the exemption of grazing licences and other short-term crown tenures from property tax.

(18) The *Municipal Act* was amended effective January 1, 1985 to permit municipalities to exempt non-profit occupiers of school buildings from property tax.

Table 2.1

Summary of Major Tax Rate Changes, 1984 and 1985 (to August 1, 1985)—*Continued*

(19) The *Municipal Act*, the *Taxation (Rural Area) Act* and the *Vancouver Charter* were amended effective for the 1986 tax year to exempt manure storage facilities from property tax.

(20) Effective January 1, 1986 the provincial rural area tax rate for residential and recreational property/non-profit organization classes will be changed from $1.30 to $1.40 per $1,000 of actual value.

(21) The *Provincial-Municipal Partnership Act* and the *Provincial-Municipal Partnership (Taxation Measures) Act* were enacted to permit provincial-municipal partnership agreements, under which participating municipalities will reduce property taxes on new industrial improvements by 50 per cent or more through to the end of 1990. The provincial government will make a reduction of 50 per cent in non-residential school tax rates on these improvements and on new industrial improvements in non-municipal areas.

(22) The *Business Licence Act* was amended to eliminate business licence fees in non-municipal areas, effective January 1, 1985.

(23) The *Tobacco Tax Act* was amended, effective April 1, 1985 to increase the tax rate by 10 per cent. The formula which provides for ad valorem tax adjustment for cigarettes and loose tobacco on March 1 and September 1 of each year will remain in effect.

(24) The annual indexation for 1985 of water rental fees under the *Water Act* was deferred in December 1984. There will be no further indexation until 1990.

(25) The *British Columbia Railway Act* was amended effective April 1, 1985 to eliminate the exemptions from social service, fuel and hotel room taxes for the British Columbia Railway company and its subsidiaries.

(26) The *British Columbia Transit Act* was amended effective January 1, 1985 to provide for the exemption of ALRT from property taxes.

(27) The *Expo 86 Corporation Act* was amended effective January 1, 1985 to provide for the exemption of the Expo 86 site from property tax.

Table 2.2

Comparative Provincial Tax Rates, July 4, 1985

Tax	**British Columbia**	Alberta	Saskat-chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Personal income (per cent of basic federal tax)	44[1]	43.5	51[1]	54[1]	48	(2)	58	56.5	52.5	60
Corporation income (per cent of taxable income)										
General rate/M&P*	16	11/5	16	16	15/14[3]	5.5	15	15	10	16
Small business rate/ M&P*	8[3]	5/0	10/0	10	10	3	9[3]	10	10	10
Corporation capital (per cent of taxable paid-up capital)										
Non-financial corporations	0.2[4]	*Nil*	0.3	0.2	0.3	0.45	*Nil*	*Nil*	*Nil*	*Nil*
Trust companies	0.6[4]	*Nil*	0.8	0.6	0.6	0.9	*Nil*	*Nil*	*Nil*	1.5
Banks	0.8/2.0[4]	*Nil*	2.0	1.9	0.8	0.9	*Nil*	*Nil*	*Nil*	1.5
Insurance premiums (per cent)[5]	2	2	3	3	3	3	3	3	2	3
Gasoline										
Per cent of retail price	20	*Nil*	*Nil*	N/A[11]	20[10]	30	20	20	20	22
Cents per litre	8.42	*Nil*	*Nil*	8.0	8.0	12.9	8.9	9.8	9.7	10.7
Diesel fuel										
Per cent of retail price	(6)	*Nil*	*Nil*	N/A[11]	27[10]	30	23	21	23	26
Cents per litre	8.86	*Nil*	*Nil*	9.2	9.3	11.25	9.7	9.7	10.9	12.7
Retail sales										
General rate (per cent)	7	*Nil*	5	6	7	9	11	10	10	12
Liquor (per cent)	7	*Nil*	10	12	12	9	11	10	37.5[7]	12
Meals (per cent)[8]	7	*Nil*	*Nil*	6	7	10	11	10	10	12
Accommodation (per cent)	7	*Nil*	*Nil*	6	5	*Nil*	11	10	10	12
Tobacco (cents per package of 25 cigarettes)[9]	68	37	77	77.5	66.5[10]	90	93	60	38	119.5

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* Manufacturing and processing rate.

[1] British Columbia has a 10 per cent surtax on provincial tax in excess of $3,500, plus an additional 8 per cent health care maintenance surtax applied to the sum of provincial tax and the 10 per cent surtax (if applicable). Saskatchewan has a 12 per cent surtax on provincial tax in excess of $4,000 plus a 1 per cent flat rate surtax on net income. The basic Saskatchewan rate was reduced to 50 per cent of basic federal tax effective July 1, 1985. Manitoba has a 20 per cent surtax on the amount by which provincial tax payable exceeds tax payable at a taxable income of $25,000.

[2] The Province of Quebec levies its own personal income tax and does not use percentage of Federal tax as the base for its calculation.

[3] In British Columbia, a refundable small business employment tax credit equivalent to approximately $300 per employee is payable to qualifying corporations for their first two taxation years commencing after March 31, 1985. The Ontario manufacturing and processing rate also applies to taxable income from mining, logging, farming and fishing operations. The New Brunswick small business rate will be reduced to 5 per cent for three years starting in 1986.

[4] Commencing with corporation fiscal years ending on or after April 1, 1985, the British Columbia corporation capital tax will be phased out over three years for all corporations except large banks with headquarters located outside of British Columbia.

[5] Tax is payable by insurer. In Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia, life, sickness and accident insurance premiums are taxed at 2 per cent and all other premiums are taxed at 3 per cent. In British Columbia the tax rate for all insurance premiums, other than policies for life, sickness and accident insurance, will increase to 3 per cent, effective January 1, 1986. In Newfoundland and Quebec, insurance premiums are also subject to sales tax. Most provinces levy an additional tax of 1 per cent or less on fire insurance premiums to fund the office of the provincial fire commissioner.

[6] In British Columbia, the tax rate on diesel fuel is equal to the tax rate on gasoline plus 0.44 cents per litre.

[7] In Prince Edward Island, liquor is taxed under the *Health Tax Act* at 25 per cent and under the *Revenue Tax Act* at 10 per cent, resulting in a compound tax rate of 37.5 per cent.

[8] A basic exemption for low priced meals exists in most provinces. In British Columbia, meals less than $7.00 are exempt from tax.

[9] In British Columbia, the tax on cigarettes is indexed to reflect changes in the retail price. In Ontario, Quebec, New Brunswick and Newfoundland, set rates are applied to a determined retail price. Other provinces tax cigarettes by an amount which cannot be adjusted without legislative amendment. In Prince Edward Island, Newfoundland and Ontario tobacco products are also subject to retail sales tax.

[10] Ontario fuel and tobacco tax rates have been frozen at July 1, 1984 ad valorem rates shown above.

[11] Not applicable because tax rate is expressed as cents per litre.

Table 2.3

Provincial Taxes

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Income	*Income Tax Act* (R.S.B.C. 1979, c. 190; 1980, c. 12, s. 7; 1980, c. 50, s. 46; 1981, c. 6; 1982, c. 18; c. 58; 1983, c. 18; 1984, c. 6; c. 13; 1985, c. 31, c. 37)	Net income: (1) Corporation	16% of taxable income (8% for small businesses)	Collected under agreement by the Department of National Revenue. Refundable tax credit for small business equivalent to approximately $300 per employee.
		(2) Personal	44% of basic federal tax payable; 10% surtax on British Columbia tax in excess of $3,500; health care maintenance surtax of 4% in 1984 and 8% in 1985 and subsequent years	Reduction of tax where taxable income is $2,000 or less for single tax filers and $3,160 or less for married tax filers in 1985; refundable tax credit for investors in British Columbia Housing and Development Bonds of 13.5% to individuals; 8% to corporations eligible for the small business tax rate and 16% to other corporations; venture capital tax credit; other non-refundable tax credits for claim against personal and corporate income tax include: Logging Tax Credit, Provincial Political Contributions Tax Credit and Provincial Royalty Tax Rebate.
Capital	*Corporation Capital Tax Act* (R.S.B.C. 1979, c. 69; 1980, c. 4; c. 36, s. 16; 1982, c. 6; c. 43, s. 8; 1983, c. 6, s. 1-2; 1985, c. 24)	Taxable paid-up capital of $5,000,000 or more	General: ⅕ of 1% Banks: 2 per cent if taxable capital exceeds $500 million; ⅘ of 1 per cent if taxable capital is less than $500 million Trust Companies and Loan Companies: ⅗ of 1%	Exemptions—Corporations with paid-up capital under $5,000,000, credit unions, co-operatives, self-owned apartment corporations, corporations exempt under section 149 (1) of *Income Tax Act* (Canada), family farms. Tax will be phased out over 3 years, commencing with fiscal years ending after April 1, 1985, except for large banks with headquarters outside British Columbia.
Retail sales	*Social Service Tax Act* (R.S.B.C. 1979, c. 388; 1980, c. 52; c. 10, s. 119; c. 49, s. 12; 1981, c. 8; c. 29; c. 15, s. 159–160; 1982, c. 39; 1983, c. 27; c. 6, s. 30–34; c. 20, s. 49–51; 1985, c. 32)	Purchase and lease price of tangible personal property	General rate 7% Liquor 7%	Collected through vendors and lessors registered under the act, and paid by purchaser and lessees; provides for exemptions on restaurant meals priced at less than $7.00 and food for human consumption, draft beer, coal and coke, fuels taxed under other acts, specified farm implements and machinery when purchased by a *bona fide* farmer, fishing boats and equipment when purchased by a *bona fide* commercial fisherman, water, prescribed medicaments, vitamins and dietary supplements, diabetic and ostomy supplies, hearing-aids, dentures, specified equipment for the handicapped, prescribed dental and optical appliances, specified catalysts and direct agents, agricultural feeds, seeds, fertilizers, insecticides, etc., sales at less than 15¢, ships of more than 500 tons, children's clothing and footwear, books, periodicals and magazines, specified school supplies, candies and soft drinks, tobacco products taxable under the *Tobacco Tax Act*, certain energy conservation equipment and material, patent medicines, local residential telephone services, telecommunication services, electricity, natural gas and fuel oil purchased for residential use, used mobile homes, yard goods and patterns, work-related safety equipment designed to be worn, bicycles, transporting devices for the handicapped, smoke alarms, oxygen and related dispensing equipment used for medical purposes, children's safety car seats, specified marine and highway safety-related equipment, specified goods used in aquaculture industry, specified items consumed or used in manufacturing and servicing of goods, natural gas used by farmers to dry grain, returnable milk bottles. The taxation of certain equipment used for seismic studies or oil and gas exploration is subject to a special use provision.

Table 2.3

Provincial Taxes—*Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Accommodation	*Hotel Room Tax Act* (R.S.B.C. 1979, c. 183; 1981, c. 5, s. 31–32; c. 15, s. 103; 1982, c. 10, s. 12–22; 1983, c. 6, s. 13–16; 1984, c. 4; c. 26, s. 73; 1985, c. 27)	Purchase price of accommodation	7%	Exemptions include temporary accommodations over a two-month period; lodging provided in hospitals and nursing homes; lodging supplied to employees by employers, lodging on ships or trains, hotel rooms not used for accommodation; charges of $10 or less per day; charitable institutions; and trailer parks and campsites.
Tobacco	*Tobacco Tax Act* (R.S.B.C. 1979, c. 404; 1981, c. 5, s. 55–57; c. 15, s. 164; 1982, c. 29; 1983, c. 11; c. 6, s. 38–40; 1985, c. 33)	By cigarette, cigar retail price, and weight on other tobacco products	2.72¢ per cigarette; 4¢ to 33¢ per cigar, 77% of retail price on cigars of more than 49¢; 16¢ per ½ oz. of tobacco (or 28.5¢ for 25 grams)	Tax rates on cigarettes and tobacco adjusted semi-annually, based on Vancouver consumer price index subcomponent for tobacco products. Rates quoted effective March 1, 1985 to August 31, 1985.
Motor fuel	*Gasoline Tax Act* (R.S.B.C. 1979, c. 152; 1980, c. 12, s. 3; 1981, c. 5, s. 16–20; 1982, c. 13; 1983, c. 6, s. 10-11; 1985, c. 26)	Per litre	Gasoline 8.42¢ Aircraft fuel 2.94¢	All quoted tax rates effective July 1, 1985 to September 30, 1985. Rates adjusted quarterly. Gasoline tax rate adjusted to equal 20% of pretax Vancouver retail price. Exact formula in S.B.C. 1981, c. 5. All other fuels taxed at 7% of pretax price of clear gasoline. Handicapped eligible for 100% rebate of gasoline tax. Persons using fuel to operate logging trucks off highways and stationary engines are eligible for a partial rebate. Compressed natural gas and propane used to propel motor vehicles exempt.
	Gasoline (Coloured) Tax Act (R.S.B.C. 1979, c. 151; 1980, c. 50, s. 44; 1981, c. 5, s. 9–15; c. 21, s. 23–24; 1982, c. 10, s.4–6; 1983, c. 17; c. 6, s. 9; 1985, c. 25)	Per litre	2.94¢ per litre of marked gasoline, diesel, propane and butane; 1.49¢ per litre of marked bunker	All quoted tax rates effective July 1, 1985 to September 30, 1985. Fuels coloured purple may be used for a variety of specific primary production and industrial purposes. Tax rate adjusted quarterly to equal 7% of the pretax selling price of gasoline with the exception of marine bunker fuel rate which is adjusted quarterly to equal 7% of the pretax selling price of marine bunker fuel. Family farms and commercial fishermen eligible for these reduced tax rates on coloured gasoline and motive fuels. Natural gas used for operating pipeline compressor stations taxed at 1.1¢/810.32 litres; not adjusted quarterly.
	Motive Fuel Use Tax Act (R.S.B.C. 1979, c. 285; 1980, c. 12, s. 12; 1981, c. 5, s. 42-43; 1982, c. 20; 1983, c. 6, s. 23-24; 1985, c. 31)	Per litre	8.86¢	Applies to any fuel except gasoline, natural gas, propane and butane used in a motor-vehicle on a highway. Refunds available in specific circumstances defined in the Act and regulations. Tax rate adjusted quarterly to prevailing gasoline tax rate plus 0.44¢ per litre. Handicapped eligible for 100% rebate of tax.
Race-meetings	*Horse Racing Tax Act* (R.S.B.C. 1979, c. 175; 1980, c. 19; 1982, c. 10, s. 9-10)	Parimutuel betting pool	7%	3.5% of tax paid to increase purses, maintain a breeders incentive fund, make grants for breeders societies, operate race courses and horse racing meets, and for equine health research. Net rate to province is 3.5%.
Natural resources	*Logging Tax Act* (R.S.B.C. 1979, c. 248; 1981, c. 5, s. 36–38; 1982, c. 10, s. 26-27; 1983, c. 6, s. 19-20; 1984, c. 7, s. 15)	Net income from logging where in excess of $25,000	10% (Fully recoverable against federal and provincial corporation income tax)	Net income from logging after deducting investment and non-forestry income and a processing allowance.
	Mining Tax Act (R.S.B.C. 1979, c. 267; 1980, c. 12, s. 10-11; 1981, c. 5, s. 39–41; 1982, c. 10, s. 28-29; 1983, c. 6, s. 21-22)	All income from mining operations if mining income exceeds $50,000	15%	Net income from mining after deducting investment and non-mining income and a processing allowance. Tax not applicable to petroleum, natural gas, or minerals taxed under the *Mineral Resource Tax Act*.
	Mineral Resource Tax Act (R.S.B.C. 1979, c. 263; 1980, c. 27; 1982, c. 43, s. 18–22)	Net income from individual mining operations (metallic minerals) other than coal, sand, gravel and certain other industrial minerals. No tax on first $50,000 for unincorporated mines or partnerships	17.5%	Net income after deductions including: accelerated capital cost allowances, exploration and development expenses, depletion and processing allowances.

Table 2.3

Provincial Taxes—*Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
	Mineral Land Tax Act (R.S.B.C. 1979, c. 260; 1980, c. 35; 1981, c. 19; c. 20)	Assessed value of mineral land and production tracts	Basic undesignated mineral land; 62¢–$2.47 per hectare	Rates of tax set on sliding scale, dependent on amount and designation of land.
Insurance	*Insurance Premium Tax Act* (R.S.B.C. 1979, c. 205; 1980, c. 12, 5, 8, 9; 1981, c. 5, s. 34; 1982, c. 10, s. 24; 1983, c. 6, s. 17-18; c. 20, s. 27; 1985, c. 28)	Direct premiums written	2% (increasing to 3% for general insurance effective January 1, 1986; 2% rate to continue to apply to life, sickness, personal accident and loss of salary and wages insurance. Marine pleasure craft premiums to be taxed at 1% effective January 1, 1986, increasing to 3% by 1988).	Exemptions—Benefit societies; mutual corporations with 50% of income from farm or entirely from religious, educational, or charitable institutions; marine, except pleasure craft; approved medical or hospitalization plans; Insurance Corporation of British Columbia (basic auto insurance only).
	Fire Services Act (R.S.B.C. 1979, c. 133; 1980, c. 13; 1981, c. 15, s. 95; 1982, c. 49)	Direct premiums written for fire hazard.	1%	Exemptions—Insurance Corporation of British Columbia (basic automobile insurance only).
Real property.........	*Taxation (Rural Area) Act* (R.S.B.C. 1979, c. 400; 1980, c. 12, s. 17-18; c. 18, s. 21-22; c. 49, s. 14; 1981, c. 5, s. 52-54; 1982, c. 27-28; 1983, c. 24, s. 37; c. 6, s. 36-37; c. 20, s. 52; 1984, c. 25, s. 65; 1985, c. 20, s. 37, 38)	Assessed value of land and improvements in rural areas (outside municipalities). Assessment determined under *Assessment Act*		Property is assessed at actual value. Different tax rates apply to different classes of property.
			Residential (0.13% increasing to 0.14% in 1986)	Includes residential property, vacant land having no present use which is not specifically held for business, commercial, forestry or industrial purposes.
			Utilities (0.46%)	Property used or held for transportation by railway, transportation by pipeline, communication by telephone or telegraph, transmission of electricity or transmission of closed circuit television.
			Forestry (0.40%).......... ...	Timberland, forest land and wild land used for forestry purposes.
			Industrial (0.44%)	Generally includes property used or held for the purpose of extracting, processing, manufacturing, transporting or storing of any product.
			Tree Farm (0.80%)..........	Property managed as a tree farm. To encourage sustained yield forestry practices on privately owned forest land, assessed value is capitalized net return. Crown land held under a tree farm licence or an agreement under the *Forest Act* is exempt.
			Recreational Property/Non Profit Organization (0.13% increasing to 0.14% in 1986)	Property used on a seasonal basis to provide overnight sleeping accommodation, land used for specified outdoor recreational activites and property used by non-profit organizations under specified conditions.
			Farm (0.05%)..................	Land used for farming. Improvements on farmland exempt, fruit trees exempt. Assessed at value as a farm.
			Business/Other (0.32%)	All property not contained in any other class.
Non-residential school tax	*Education (Interim) Finance Act* (S.B.C. 1982, c. 2; 1982, c. 76, s. 12; 1983, c 10, s. 21; c. 14, s. 1–2; c. 20, s. 12–14; c. 23, s. 17, c. 24, s. 14–16; 1984, c. 18, s. 1–10; 1985, c. 20, s. 19, 20)	Assessed value of non-residential land and improvements. Assessment determined under *Assessment Act*	Tax rates vary by class of property and school district. (*See* Appendix 2 Table 2.1 for changes to *Assessment Act* for 1985 and subsequent years).	Tax revenue is used to finance provision of public schools education.

Table 3.1

Major Provincial Programs for Local Government

Type	Statutory Reference	Basis	Rate	Remarks
PROVINCIAL GOVERNMENT PROPERTY				
Provincial government property grant	*Municipal Aid Act*	Assessed value of improved properties	The individual tax rates of the municipality and regional district containing the property	
REVENUE SHARING				
Unconditional municipal grant	*Revenue Sharing Act*	Municipal population, expenditure and assessment	80 per cent of available funds distributed in proportion to population; 20 per cent in proportion to expenditure and assessment	Largest single source of municipal grants
Basic municipal grant	*Revenue Sharing Act*	Municipal status	$30,000 minimum per municipality; $60,000 maximum	
Water facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Sewerage facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Water facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Sewerage facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Major municipal highway grants	*Revenue Sharing Act*	Approved construction or acquisition costs	50 per cent of shareable costs	Designed to promote transportation networks and associated land use
Municipal planning grants	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $1 million
Regional district basic grant	*Revenue Sharing Act*	Regional district status	$30,000 per regional district	
Regional district administration grant	*Revenue Sharing Act*	Regional district status	$10,000 per regional district	Unconditional
Regional district planning grant	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $1 million

Table 4.1

Major British Columbia Crown Corporations and Enterprises

Corporate Entity	Statutory Authority	Minister Responsible	Functions
British Columbia Assessment Authority	*Assessment Authority Act*	Minister of Finance	Assessment of all real property within the province for taxation purposes.
British Columbia Hydro and Power Authority	*Hydro and Power Authority Act*	Minister of Energy, Mines and Petroleum Resources	Generation, transmission and distribution of electricity; distribution of gas; rail freight transportation.
British Columbia Railway Company	*British Columbia Railway Act*	Minister of Education	Operation of railway.
Insurance Corporation of British Columbia	*Insurance Corporation Act*	Minister of Health	Provision of automobile insurance plan.
British Columbia Ferry Corporation	*Ferry Corporation Act*	Minister of Transportation and Highways	Operation of coastal ferry service.
British Columbia Petroleum Corporation	*Petroleum Corporation Act*	Minister of Energy, Mines and Petroleum Resources	Purchase and resale of natural gas and natural gas by-products.
British Columbia Development Corporation	*Development Corporation Act*	Minister of Industry and Small Business Development	Provision of assistance to industry and development of industrial land to promote economic development.
British Columbia Cellulose Company	*British Columbia Cellulose Company Act*	Minister of Industry and Small Business Development	Holding provincial ownership in Ocean Falls Corporation (non-operating pulp mill and townsite).
British Columbia Steamship Company (1975) Limited	*Ministry of Transportation and Highways Act; Canada Corporations Act*	Attorney General	Operation of daily summer ferry service between Victoria and Seattle, Washington.
Provincial Rental Housing Corporation	*Ministry of Lands, Parks and Housing Act; Company Act*	Minister of Lands, Parks and Housing	Holding provincial ownership in public housing units.
British Columbia Housing Management Commission	*Ministry of Lands, Parks and Housing Act*	Minister of Lands, Parks and Housing	Management of provincial and federal-provincial public housing units and administration of rent supplement programs.
British Columbia Buildings Corporation	*British Columbia Buildings Corporation Act*	Minister of Municipal Affairs	Provision of accommodation for government ministries and certain government entities.
British Columbia Systems Corporation	*System Act*	Minister of Consumer and Corporate Affairs	Provision of data processing services for government ministries and certain government entities.
British Columbia School Districts Capital Financing Authority	*School District Capital Finance Act*	Minister of Finance	Provision of capital funds required by school districts.
British Columbia Regional Hospital Districts Financing Authority	*Hospital District Finance Act*	Minister of Finance	Provision of capital funds required by regional hospital districts.
British Columbia Educational Institutions Capital Financing Authority	*Educational Institution Capital Finance Act*	Minister of Finance	Provision of capital funds required by universities, colleges and institutes.
British Columbia Transit	*British Columbia Transit Act*	Minister of Human Resources	Provision and maintenance of public transportation systems.
Liquor Distribution Branch	*Liquor Distribution Act*	Minister of Consumer and Corporate Affairs	Purchase, distribute and sell alcoholic beverages.
Provincial Capital Commission	*Capital Commission Act*	Minister of Finance	Protection and enhancement of the Capital Improvement District and management of properties in Commission control.
British Columbia Place Ltd.	*British Columbia Place Act; Company Act*	Minister of Energy, Mines and Petroleum Resources	Establishment, planning and development of the British Columbia Place site in Vancouver and operation of a 60,000-seat multi-purpose covered stadium.
Expo 86 Corporation	*Expo 86 Corporation Act*	Minister of Tourism	Planning, developing and hosting the 1986 world exposition in British Columbia.
W.L.C. Developments Ltd.	*Company Act*	Minister of Lands, Parks and Housing	Administer and develop assets of the former Whistler Village Land Company.
B.C. Lottery Corporation	*Lottery Corporation Act*	Provincial Secretary and Minister of Government Services	Develop, conduct and manage lottery operations on behalf of the provincial government, and in conjunction with the government of another province.

Table 4.2

Long-Term Borrowing of Provincial Crown Corporations During the Five Years Ended March 31, 1985: From Provincial Trusteed Funds, the Canada Pension Plan Investment Fund, Fiscal Agency Borrowing[*] and Public and Private Issues

Provincial Crown Corporations	Fiscal year ended March 31 1981	1982	1983	1984	1985
			($ millions)		
British Columbia Hydro and Power Authority					
Fiscal Agency Borrowing	—	—	—	—	354.6
Canada Pension Plan Investment Fund	78.7	—	—	—	—
Provincial trusteed funds	100.0	—	—	—	127.4
Public issues	150.0	1,335.0[1]	677.3[1]	830.1[1]	199.0[1]
	328.7	1,335.0[1]	677.3[1]	830.1[1]	681.0
British Columbia Railway Company					
Fiscal Agency Borrowing	—	—	—	—	25.0
Private issues	—	18.0[1]	6.8[1]	18.2	—
	—	18.0[1]	6.8[1]	18.2	25.0[2]
British Columbia School Districts Capital Financing Authority					
Canada Pension Plan Investment Fund	64.5	99.5	123.0	120.1	54.0
Provincial trusteed funds	5.2	—	25.0	11.0	—
Private issues	—	11.4[1]	0.6[1]	—	—
	69.7	110.9[1]	148.6[1]	131.1	54.0
British Columbia Educational Institutions Capital Financing Authority					
Fiscal Agency Borrowing	—	—	—	—	5.2
Canada Pension Plan Investment Fund	58.4	104.1	82.6	76.8	16.3
Provincial trusteed funds	—	—	—	3.7	—
Private issues	—	6.0[1]	—	—	—
	58.4	110.1[1]	82.6	80.5	21.5
British Columbia Regional Hospital Districts Financing Authority					
Canada Pension Plan Investment Fund	81.5	128.1	105.7	95.4	52.4
Provincial trusteed funds	—	—	15.3	—	—
Private issues	—	—	12.0	—	—
	81.5	128.1	133.0	95.4	52.4
British Columbia Buildings Corporation					
Fiscal Agency Borrowing	—	—	—	—	75.0
Canada Pension Plan Investment Fund	19.0	20.0	49.6	18.1	—
Provincial trusteed funds	50.0	—	109.9	—	—
Public issues	—	40.0[1]	100.0	—	—
	69.0	60.0[1]	259.5	18.1	75.0
British Columbia Systems Corporation					
Canada Pension Plan Investment Fund	—	26.5	—	—	—
Private issues	—	13.7[1]	21.6[1]	—	—
	—	40.2[1]	21.6[1]	—	—
British Columbia Development Corporation					
Private issues	—	59.9[1]	—[3]	—	—
	—	59.9[1]	—[3]	—	—

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[*] Fiscal agency borrowings are amounts borrowed by the provincial government and re-loaned to Crown corporations and agencies on identical terms.

[1] Includes foreign borrowings converted to Canadian dollars.

[2] $200 million preferred share issue not included.

[3] To avoid double counting, excludes $6 million borrowed by BCDC from British Columbia Housing and Employment Development Financing Authority.

Table 4.2

Long-Term Borrowing of Provincial Crown Corporations During the Five Years Ended March 31, 1985: From Provincial Trusteed Funds, the Canada Pension Plan Investment Fund, Fiscal Agency Borrowing and Public and Private Issues—*Continued*

Provincial Crown Corporations	Fiscal year ended March 31				
	1981	1982	1983	1984	1985
			($ millions)		
British Columbia Ferry Corporation					
Canada Pension Plan Investment Fund	—	—	—	14.8	—
Private Issues	—	19.9	—	—	—
	—	19.9	—	14.8	—
British Columbia Petroleum Corporation					
Private issues	—	—	30.0	—	—
	—	—	30.0	—	—
British Columbia Place Ltd.					
Fiscal Agency Borrowing	—	—	—	10.0	35.0
Provincial Trusteed Funds	—	—	—	30.0	—
	—	—	—	40.0	35.0
British Columbia Transit					
Fiscal Agency Borrowing	—	—	—	99.0	144.2
Canada Pension Plan Investment Fund	—	—	17.3	39.7	—
Private issues	—	—	26.1	36.7	26.2
	—	—	43.4	175.4	170.4
British Columbia Housing and Employment Development Financing Authority					
Provincial Trusteed Funds	—	—	6.0	—	—
Public issues	—	—	—	175.5	—
	—	—	6.0	175.5	—
W.L.C. Developments Ltd.					
Private issues	—	—	—	7.8	6.7
	—	—	—	7.8	6.7
Totals					
Fiscal Agency Borrowing	—	—	—	109.0	639.0
Canada Pension Plan Investment Fund	302.1	378.2	378.2	364.9	122.7
Provincial trusteed funds	155.2	—	156.2	44.7	127.4
Public and private issues	150.0	1,503.9[1]	874.4[1]	1,068.3	231.9
	607.3	1,882.1[1]	1,408.8	1,586.9	1,121.0

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[1] Includes foreign borrowings converted to Canadian dollars.

Appendix 5: Provincial Programs for People

Table 5.1

Major Provincial Programs for People

Type	Statutory Reference	Basis	Rate	Remarks
EDUCATION PROGRAMS				
Public schools	*School Act, Education (Interim) Finance Act*	Approved operating and capital costs of each school district	(a) In 1982/83, an interim education finance formula was introduced, guaranteeing a basic operating contribution to each school district of 60 per cent of its shareable operating budget. Each district is eligible for a further operating contribution to a maximum of 40 per cent of its shareable operating budget. This additional contribution is determined on the basis of wealth in the district as measured by residential assessed values per pupil. The contribution is determined annually, based on enrolments, approved operating costs of the preceding year and other budgetary requirements. (b) A capital contribution not exceeding 50 per cent of those debt service costs up to the equivalent of 6 mills, plus 75 per cent of debt service costs between 6 mills and 12 mills, plus 90 per cent of any additional costs. Under this formula a district's share of debt service costs will not be greater than the equivalent of 4½ mills plus 10 per cent of any costs over the equivalent of 12 mills	Statutory levy on non-residential property is determined annually.
Independent schools	*School Support (Independent) Act*	Operating support contributions (number of students and type of program)	Based on 9 per cent (Group 1) and 30 per cent (Group 2) of the public school per pupil operating cost.	
Universities	*University Act*	Operating contributions	(a) Contributions for operating expenses approved on recommendation of Universities Council	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment items	
Colleges and Provincial Institutes	*College and Institute Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Education	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
British Columbia Institute of Technology	*Institute of Technology Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Education	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
Student Aid	*College and Institute Act*	Need	Provincial Student Loans of up to $2,000 (without dependants) and up to $2,400 (with dependants) annually; part-time campus employment for students demonstrating financial need; other small assistance programs for specific purposes	
HEALTH PROGRAMS				
Hospital care (including construction and equipment)	*Hospital Insurance Act*	In-patient care (includes acute, rehabilitation and extended care)	Payment of direct operating contributions to hospitals for care of all qualified provincial residents	Patient charge of $8.50 *per diem* while hospitalized for acute and rehabilitative care; patient charge of $14.75 *per diem* for extended care. (No user charge for extended care for persons under the age of 19.)
		Out-patient care	Payment made for a wide range of services, including day-care surgery	Patient charge of $10.00 for emergency services or minor surgery and $8.00 charge for day surgical services.
		Hospital equipment	Contributions of 33 to 100 per cent on major moveable depreciable equipment	
	Hospital District Act	Approved capital costs	60 per cent of debt service costs for approved construction and fixed equipment up to an amount equalling a levy of 4 mills on the net taxable value of land and improvements, plus 80% of any remaining expense	
Continuing care				
(A) Residential care	*Community Care Facility Act*	Need	Individual pays 75% of the OAS/GIS rate *per diem* for basic accommodation. Province provides balance (approx. $5 to $39 per day)	Includes private hospitals, community care facilities, mental health boarding homes and extended care hospitals.
(B) Home care				
(a) Home care nursing and home preparation		Need	Province pays 100 per cent	
(b) Homemaker services	*Guaranteed Available Income for Need Act*	Need	User charge levied based on income	Province pays 90 to 100 per cent (including federal government contributions).
Medical services	*Medical Service Act*	Premium rates	Medical services monthly premium rates effective April 1, 1985, are: $17 per single person, $32 per family of two and $36 per family of three or more	

Table 5.1

Major Provincial Programs for People—*Continued*

Type	Statutory Reference	Basis	Rate	Remarks
		Income or need	Subsidy of 90 per cent of medical care premiums for those with taxable income in previous year of $2,030 or less or under temporary financial hardship; 50 per cent subsidy for those with taxable income in previous year between $2,030 and $2,980	
Ambulance service	*Health Emergency Act*	Transportation, resuscitation and advanced life support	Net cost paid by province	Patient (resident of province) charged fee of $28 plus 29 cents per kilometre over 40 kilometres, up to a maximum $180, effective July 1, 1984.
PROPERTY TAX RELIEF PROGRAMS				
Home owner property tax grants	*Home Owner Grant Act*	Per eligible home owner	$380 plus additional $250 for home owners 65 and over, for certain persons on income assistance or pension and for eligible handicapped persons.	Minimum tax payable, $175; $1 if eligible for supplemental grant; applies first to school taxes.
Real property tax deferment	*Land Tax Deferment Act*	Per resident home owner age 65 or over, widowed spouse, handicapped	Deferment of 100 per cent of net property tax	Deferred taxes allowed only where property is eligible for home owner grant.
HOUSING PROGRAMS				
B.C. Housing Management Commission	*Ministry of Lands, Parks and Housing Act*	Income and housing need	Rent is subsidized to 30 per cent of income for units operated by BCHMC and designated units in non-profit and private market housing.	The 30 per cent rent scale was announced July 7, 1983. It applies to all new tenants but will be phased in over 3 years for existing tenants. Prior to July 1983, a 25 per cent rent scale was in effect.
B.C. Second Mortgage	*Home Purchase Assistance Act*	Established residency and home cost	Second mortgage of up to $10,000 providing applicant has not benefitted previously	Application may be made within one year after purchase of home; available on new or used housing under $85,000 in value.
B.C. Home Program	*Homeowner Interest Assistance Act*	Mortgage interest rates over 12 per cent	Interest free loans available to Sept. 30, 1985 to reduce the interest rate to 12 per cent on the first $60,000 of mortgage debt.	Interest free loans are repayable in 1986.
Housing for Disabled	*Ministry of Lands, Parks and Housing Act*	Income and housing need	Grant of up to ¼ of the total cost of self-contained low-rental housing units	Province may supply site on lease basis. Rental assistance available.
Senior citizens' homes	*Housing Construction (Elderly Citizens) Act*	Total cost of construction and community need	Grant of up to ¼ of the total cost of self-contained low-rental housing units	Province may supply site on lease basis. Rental assistance available.
INCOME ASSISTANCE AND SOCIAL PROGRAMS				
Income assistance (social allowance, age benefits and supplement to old age security, and handicapped persons' income assistance)	*Guaranteed Available Income for Need Act*	Income and need	Rates are determined by factors such as age, length of time on Income Assistance, family size and employability	Province pays 100 per cent of allowance and recovers 50 per cent in federal contributions in most cases.
		Disability and need	Single handicapped person, $548.14 monthly maximum; couple, with one person handicapped, $865 monthly; couple, both persons handicapped, $1,001.32	Province pays 100 per cent (including federal contribution).
Elderly renters' assistance	*Shelter Aid for Elderly Renters Act*	Tenants age 65 and over receiving Old Age Security and in financial need	Monthly payments equal to 75 per cent of rent in excess of 30 per cent of income	Maximum claimable rent of $365 per month for a couple and $330 per month for a single person.
Health care services	*Guaranteed Available Income for Need Act*	Need	Comprehensive health care to persons receiving income assistance benefits and to children in care	Province pays 50 to 100 per cent, according to type of expenditure (including federal contribution).
Pharmacare	*Guaranteed Available Income for Need Act*	Age or income	(a) Free prescription drugs for persons aged 65 and over, long-term care residents and unemployable and handicapped GAIN clients (b) 80 per cent subsidy of prescription drug costs over $200 for a family or for a single person in each calendar year, effective January 1, 1985	Province pays 100 per cent (including federal contribution).
Services for the mentally retarded	*Guaranteed Available Income for Need Act*	Income or need	Institutional and community based residential care; achievement centres; community living skills	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Family support homemaker services	*Guaranteed Available Income for Need Act*	Need	Temporary homemaker services for the care of children	Province pays up to 100 per cent (including federal contribution).
Child day care and special needs day care	*Guaranteed Available Income for Need Act*	Income and need	Subsidy for each child	Province pays up to 100 per cent (including federal contribution).
		Approved capital and equipment costs	Grants to day-care centres	Province pays 100 per cent (including federal contribution).
Infant development program	*Guaranteed Available Income for Need Act*	Need	Fully subsidized	
Family and children's services (protection services, payments to foster, group and therapeutic homes, specialized treatment resources, special services to children, rehabilitation resources, family support, homemaker services, adoption and infant development program)	*Family and Child Service Act*	Need and or income	(a) Foster care rates effective April 1, 1985: $174.76 to $294.28 per month according to age; special rates for authorized care or services (b) Other services provided through a contracted basis, subsidy to parents, or contributions to a community agency	Province pays up to 100 per cent according to type of expenditure (including federal contribution).

Table 5.1

Major Provincial Programs for People—*Continued*

Type	Statutory Reference	Basis	Rate	Remarks
Community projects	*Guaranteed Available Income for Need Act*	Approved operating costs	Contributions for various community-based projects and services, including crisis centres, family support and counselling, youth programs, programs for handicapped, volunteer bureaus and multi-service agencies	Province pays 100 per cent (including federal contribution).
Individual Opportunity Program (incentive allowance, employment opportunity program, job action, work clothing and transportation, education and training assistance, work activity projects and employment incentives for the handicapped)	*Guaranteed Available Income for Need Act*	Income and Need	Assistance and incentives vary among programs	Various forms of incentives and assistance to prepare income assistance recipients for return to work.
OTHER PROGRAMS				
Highways	*Highway Act*	Provincial highways in municipalities	Arterials, 100 per cent; secondary, 50 per cent for capital works, 40 per cent for maintenance	
Urban transit	*British Columbia Transit Act*	Planning and funding of transit services	Shared-cost formula with users, the province and municipalities contributing	
Regional and community parks	*Park (Regional) Act, Ministry of Lands, Parks and Housing Act*	Assistance to municipalities and regional districts through the provision of Crown grants for regional and community park purposes		
Library grants	*Library Act*	Population served (and area served in the case of regionally organized libraries)	Rates are established annually	
Provincial guaranteed debt			Guaranteed debt of self-liquidating obligations of municipalities and other local entities for water, sewerage, drainage, schools, hospitals, etc., at March 31, 1985, was $2,139.3 million.	Province provides grants covering specified proportions of debt-service costs.

Table 6.1

Volume of Mature Timber[1]

Forest Type Groups (by leading species)	Million cubic metres	Per Cent of Total
Hemlock	1,592	20.6
Spruce	1,592	20.6
Balsam	1,259	16.3
Lodgepole pine	1,596	20.7
Cedar	915	11.9
Fir	361	4.7
Other coniferous	41	0.5
Deciduous	360	4.7
Total	7,716	100.0

[1] Ministry of Forests, *Forest and Range Resource Analysis, 1984.*

Table 6.2

Timber Scaled by Species

Species	1974	1982	1983	1984[1]
	(thousand m³)			
Balsam	7,942	6,924	9,039	9,121
Cedar	7,399	6,086	7,601	8,636
Fir	8,134	6,122	7,449	7,698
Lodgepole pine	8,425	11,929	15,526	15,819
Spruce	12,815	14,361	17,768	19,239
Hemlock	13,323	9,418	12,063	11,996
All others	2,049	1,390	1,997	2,048
Total	60,087	56,230	71,443	74,557

[1] Ministry of Forests, *Monthly Timber Scale Report.* Subject to revision.

Table 6.3

Metal, Mineral, Coal, Petroleum and Natural Gas Production

	Unit	1982		1983		1984[1]	
		Quantity	Value	Quantity	Value	Quantity	Value
Metals		(000)	($ millions)	(000)	($ millions)	(000)	($ millions)
Copper	kg	279,874	495.0	282,825	559.6	288,646	515.0
Gold	g	7,688	118.3	7,979	130.9	7,550	118.9
Iron concentrates	t	775	19.6	497	13.1	172	5.8
Lead	kg	83,747	43.0	112,942	48.8	84,186	37.4
Molybdenum	kg	14,748	155.0	10,179	87.6	10,765	107.9
Silver	g	499,566	158.3	402,003	179.9	355,617	122.0
Zinc	kg	75,183	63.6	95,287	79.6	92,619	112.5
Other		—	4.7	—	4.6	—	7.2
Total		—	1,057.5	—	1,104.1	—	1,026.7
Industrial Minerals							
Asbestos	t	76	57.0	82	53.4	94	88.4
Sulphur	t	424	29.1	488	24.9	512	31.1
Other		—	9.5	—	11.2	—	13.1
Total		—	95.6	—	89.5	—	132.6
Structural Materials		—	164.2	—	208.4	—	219.1
Coal	t	10,646	566.9	11,480	555.8	21,028	914.1
Petroleum and Natural Gas							
Crude oil	m^3	2,078	333.9	2,079	402.3	2,094	434.6
Natural gas to pipeline	10^3m^3	7,188	542.7	6,900	448.6	7,347	518.7
Other		—	36.3	—	45.9	—	45.0
Total		—	912.9	—	896.8	—	998.3
Totals, all metals, minerals and fuels		—	2,797.1	—	2,854.6	—	3,290.8

[1] Estimated.

Note: Small differences in totals due to rounding.

Conversion table:

- .9072 tonnes (t) = one short ton.
- .4536 kilograms (kg) = one pound.
- 31.1035 grams (g) = one troy ounce.
- .1590 cubic metres (m^3) = one barrel.
- .0283 cubic metres (m^3) = one standard cubic foot.

Table 6.4

Total Metal, Mineral, Coal, Petroleum and Natural Gas Production

	($ millions)		($ millions)
1972	636.2	1979	2,949.5
1973	1,109.4	1980	3,077.0
1974	1,264.2	1981	3,008.7
1975	1,364.1	1982	2,797.1
1976	1,520.3	1983	2,854.6
1977	1,788.2	1984 (estimate)	3,290.8
1978	1,972.1		

Table 6.5

Power Generation and Consumption in British Columbia (Figures in gigawatt-hours)

	UTILITIES		INDUSTRIES			TOTAL GENERATION	EXCHANGES WITH ALBERTA & U.S.		TOTAL PROVINCIAL CONSUMPTION
Year	Hydro-electric	Thermal	Hydro-electric	Hydro-mechanical	Thermal		Import	Export	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1974	23,646	357	10,202	195	1,463	35,863	702	2,965	33,600
1975	21,566	1,906	9,529	133	1,216	34,350	1,331	3,170	32,511
1976	28,578	195	8,129	82	1,664	38,648	1,200	3,304	36,544
1977	32,367	245	8,963	78	1,606	43,259	1,002	5,735	38,526
1978	30,292	116	10,407	70	1,720	42,605	1,520	3,918	40,207
1979	29,465	532	11,703	73	1,713	43,486	1,732	3,652	41,566
1980	29,345	800	11,663	75	1,735	43,618	2,757	3,499	42,876
1981	37,906	183	11,616	0	1,520	51,225	1,140	8,970	43,395
1982	37,757	183	8,491	0	1,643	48,074	2,308	6,595	43,787
1983	36,276	145	8,682	0	2,256	47,359	2,443	5,158	44,644
1984	41,905	156	9,182	0	1,950[1]	53,193	1,534	8,107	46,620

Sources: Columns (1)–(4), (7) and (8) from Water Management Branch Records — data provided by licensees.
Column (5) from Statistics Canada 57-001

[1] Estimate.

Table 6.6

Principal Producers of Electric Power in British Columbia

	Installed Capacity at March 31, 1985 (Kilowatts)		
	Hydro	Thermal	Combined
Utilities			
British Columbia Hydro and Power Authority	9,571,002	1,131,140	10,702,142
Kitasoo Hydro	320	—	320
The Corporation of the City of Nelson	8,995	—	8,995
Tsawataineuk Band Council	75	—	75
West Kootenay Power and Light Co. Ltd.	184,875	—	184,875
Sub Totals—Utilities	9,765,267	1,131,140	10,896,407
Forest Products Companies			
B.C. Forest Products Ltd.	—	36,300	36,300
Westar Timber Ltd.	—	44,500	44,500
Canadian Forest Products Ltd.	—	4,500	4,500
Cariboo Pulp and Paper Co. Ltd.	—	28,000	28,000
Crestbrook Forest Industries	—	15,000	15,000
Crown Forest Industries Ltd.	—	23,420	23,420
Evans Products Co. Ltd.	—	7,500	7,500
MacMillan Bloedel Ltd.	74,980	119,360	194,340
Northwood Pulp Co.	—	31,500	31,500
Ocean Falls Corporation	13,320	—	13,320
Western Pulp Ltd.	4,587	39,800	44,387
Tahsis Co.	—	8,000	8,000
Weldwood of Canada	—	6,500	6,500
Western Forest Industries	—	1,700	1,700
Sub Totals—Forest Products	92,887	366,080	458,967
Mining Companies			
Aluminum Co. of Canada Ltd.	812,800	5,000	817,800
Dickenson Mines Ltd.	200	—	200
Cassiar Asbestos Co.	—	14,970	14,970
Cominco Ltd.	468,800	—	468,800
Endako Mines	—	2,250	2,250
Granduc Operating Co.	—	32,300	32,300
Wesfrob Mines	—	10,440	10,440
Westmin Resources Ltd.	3,060	—	3,060
Sub Totals—Mining	1,284,860	64,960	1,349,820
Other Industries			
B.C. Sugar Refining Co. Ltd.	—	5,500	5,500
Pacific Petroleums Ltd.	—	7,500	7,500
Walden North Enterprises	450	—	450
Sub Totals—Other Industries	450	13,000	13,450
Miscellaneous Hydro	1,413	—	1,413
Totals	11,144,877	1,575,180	12,720,057

Sources: Hydro plants—Water Management Branch Records.
Thermal plants—Owners, or "Electric Power in Canada".

Table 6.7

Ten Largest Powerplants in British Columbia

Name	River	Capacity (MW) Installed	Capacity (MW) Ultimate	Owner
G. M. Shrum (W.A.C. Bennett Dam)	Peace	2,730	2,730	B.C. Hydro
Revelstoke	Columbia	1,843	2,764	B.C. Hydro
Mica	Columbia	1,736	2,610	B.C. Hydro
Kemano	Nechako	813	1,611	Alcan
Peace Canyon	Peace	700	700	B.C. Hydro
Kootenay Canal	Kootenay	529	529	B.C. Hydro
Seven Mile	Pend Oreille	525	639	B.C. Hydro
Bridge River	Bridge	438	438	B.C. Hydro
Waneta	Pend Oreille	360	720[1]	Cominco
Jordan River	Jordan	150	150	B.C. Hydro

[1] Estimate.

Table 6.8

Value of Manufacturing Shipments

Industry	1982	Per Cent of Total Manufacturing	1983	Per Cent of Total Manufacturing	1984	Per Cent of Total Manufacturing	Change 1983–1984
	($ millions)		($ millions)		($ millions)		(per cent)
Wood	3,590	23.1	4,831	28.6	4,714	26.7	−2.4
Paper and allied products	2,749	17.7	2,798	16.6	3,109	17.6	11.1
Food	2,133	13.7	2,151	12.7	2,250	12.8	4.6
Refined petroleum and coal products	2,119	13.6	2,157	12.8	2,022	11.5	−6.3
Primary metals	754	4.9	789	4.7	949	5.4	20.3
Transportation equipment	670	4.3	553	3.3	832	4.7	50.5
Fabricated metal products	735	4.7	771	4.6	758	4.3	−1.7
Chemicals and chemical products	434	2.8	486	2.9	511	2.9	5.1
Printing, publishing and allied	468	3.0	477	2.8	492	2.8	3.1
Non-metallic minerals products	443	2.9	446	2.6	448	2.5	0.4
Machinery (except electrical machinery)	322	2.1	287	1.7	356	2.0	24.0
Clothing	109	0.7	108	0.6	119	0.7	10.2
Furniture and fixtures	91	0.6	93	0.5	90	0.5	−3.2
Other	924	5.9	945	5.6	997	5.6	5.5
Total	15,541	100.0	16,892	100.0	17,647	100.0	4.5

Source: Statistics Canada.
Note: Based on the 1980 Standard Industrial Classification.

APPENDIX 7

THE PROVINCE OF BRITISH COLUMBIA

PRELIMINARY UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1985

FOREWORD

This section includes the preliminary unaudited financial statements of the government of the Province of British Columbia for the year ended March 31, 1985 prepared by the Comptroller General from the accounts of the province, using the modified accrual basis of accounting.

These preliminary unaudited financial statements reflect the operations of the General and Special Funds; they do not include those of Crown corporations, with the exception of British Columbia Petroleum Corporation, or other separate government agencies. The interest of the province in its Crown entities is shown only to the extent of amounts invested in or advanced to them and as to guarantees of their debt securities issued. Accumulated earnings (or deficits) retained in these organizations are not reflected in the financial statements.

The accounts of the province are subject to examination by the Auditor General who is required to report annually to the Legislative Assembly on the financial statements of the government. The Report of the Auditor General on the complete financial statements for the year ended March 31, 1985 will be included in the annual Public Accounts which will be available after submission to the Legislative Assembly.

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Table 7.1

Combined General Fund and Special Funds (Consolidated Revenue Fund) Balance Sheet at March 31, 1985 (Unaudited)

	1985	1984
ASSETS	**$**	**$**
Cash and temporary investments	165,988,760	207,002,191
Accounts receivable	723,050,951	735,410,979
Due from Crown corporations and agencies	152,521,240	95,405,803
Mortgages receivable	269,353,661	265,165,929
Prepaid program costs	94,400,343	85,407,407
Inventories	48,183,193	42,772,910
Investments in and advances to Crown corporations	280,142,816	282,270,016
Fiscal Agency loans	1,299,028,396	237,754,556
Property under development	57,866,040	53,419,774
Fixed assets	1	1
Other assets	270,701,083	312,884,870
	3,361,236,484	**2,317,494,436**
LIABILITIES		
Accounts payable and accrued liabilities	673,491,243	617,885,819
Due to Crown corporations and agencies	180,952,363	164,465,209
Deferred revenue	188,302,735	184,793,322
Public debt for:		
Government purposes	2,458,416,471	1,596,111,670
Fiscal Agency borrowings	1,315,771,051	237,754,556
	4,816,933,863	**2,801,010,576**
NET EQUITY (NET DEFICIENCY)		
Net equity (net deficiency)—beginning of year	(483,516,140)	536,061,336
Surplus (deficit) for the year	(972,181,239)	(1,019,577,476)
Net equity (net deficiency)—end of year	**(1,455,697,379)**	**(483,516,140)**
	3,361,236,484	**2,317,494,436**
CONTINGENCIES AND COMMITMENTS		
Guaranteed Debt	**12,216,433,800**	**12,755,118,837**
TRUST FUNDS	**11,584,606,049**	**9,760,933,014**

Table 7.2

Combined Statement of Operating Results for the Year Ended March 31, 1985 (Unaudited)

Estimates 1985		1985 General Fund	1985 Special Funds	1985 Adjustments For Transfers Between General Fund and Special Funds[1]	1985 Total	1984 Total
$		$	$	$	$	$
	Revenue					
4,684,000,000	Taxation	4,368,212,226			4,368,212,226	4,063,450,775
679,000,000	Natural resources	295,102,847	726,494,328	(295,102,847)	726,494,328	678,687,779
495,000,000	Other	450,864,512	327,163,538	(204,170,600)	573,857,450	477,909,287
370,000,000	Contributions from government enterprises	358,997,499			358,997,499	351,544,291
1,491,000,000	Contributions from the Federal Government	1,796,720,290			1,796,720,290	1,772,680,663
7,719,000,000	**Total revenue**	**7,269,897,374**	**1,053,657,866**	**(499,273,447)**	**7,824,281,793**	**7,344,272,795**
	Expenditure					
157,900,000	General government	177,853,446	3,025,350		180,878,796	161,302,290
379,200,000	Protection of persons and property	411,918,730			411,918,730	414,201,848
554,000,000	Transportation and communications	766,342,789			766,342,789	831,654,727
3,882,500,000	Health and social services	3,987,158,321			3,987,158,321	3,941,609,405
55,600,000	Recreation and cultural services	53,836,926	4,939,233		58,776,159	63,476,775
1,659,500,000	Education	1,728,590,777			1,728,590,777	1,757,292,740
487,800,000	Natural resources and primary industries	458,027,764	349,958,421	(324,683,447)	483,302,738	481,705,036
78,900,000	Trade and industrial development	50,367,824	1,526,031		51,893,855	60,756,715
60,500,000	Housing	55,196,473			55,196,473	80,566,747
290,300,000	Aid to local government	256,463,966	204,710,052	(174,590,000)	286,584,018	308,903,676
237,600,000	Interest on public debt[2]	272,438,547			272,438,547	112,594,092
546,200,000	Other	34,236,953	479,144,876		513,381,829	149,786,220
8,390,000,000	**Total expenditure**	**8,252,432,516**	**1,043,303,963**	**(499,273,447)**	**8,796,463,032**	**8,363,850,271**
(671,000,000)	**Surplus (Deficit) for the Year**	**(982,535,142)**	**10,353,903**	**—**	**(972,181,239)**	**(1,019,577,476)**

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[1] Adjustments of $499,273,447 are composed of transfers to the Farm Income Assurance Fund ($29,580,600), Revenue Sharing Fund ($174,590,000) and General Fund (from the Resource Revenue Stabilization Fund) — $295,102,847.

[2] Consists of interest on public debt for government purposes. Excludes interest on fiscal agency borrowings (funds borrowed on behalf of Crown corporations and agencies).

Table 7.3

Schedule of Combined General Fund and Special Funds Revenue by Source for the Fiscal Years Ended March 31, 1982, 1983, 1984 and 1985 (Unaudited)

	1982	1983	1984	1985
Taxation revenue	$	$	$	$
Personal income	1,848,153,074	2,008,152,085	1,818,815,006	1,853,296,653
Corporation income	579,997,631	188,550,277	309,470,082	366,164,204
Social service	1,129,542,193	999,449,345	1,201,338,425	1,338,740,895
Gasoline	331,657,359	348,718,971	370,554,377	411,932,509
Motive-fuel use	39,729,670	40,254,002	50,513,372	56,394,694
Tobacco	102,883,691	109,109,479	138,450,501	159,315,452
Corporation capital	89,779,068	83,833,538	85,782,350	86,998,873
Property (rural areas)	43,437,585	40,745,157	36,789,104	41,268,716
Insurance premiums	20,210,237	21,141,440	20,920,174	22,039,794
Hotel room	23,672,817	22,550,007	23,215,930	25,099,624
Horse racing	7,618,292	7,164,243	7,701,216	6,801,581
Succession and gift	14,216		(99,762)	159,231
Total Taxation Revenue	**4,216,695,833**	**3,869,668,544**	**4,063,450,775**	**4,368,212,226**
Natural resource revenue				
Minerals				
Petroleum and natural gas				
British Columbia Petroleum Corporation	219,922,383	96,048,923	166,230,913	140,013,142
Permits and fees	69,793,298	49,253,175	70,380,793	97,811,166
Royalties	67,164,102	83,523,655	96,652,028	100,061,797
Revenue from other minerals	62,454,453	32,454,641	31,616,719	55,736,756
	419,334,236	**261,280,394**	**364,880,453**	**393,622,861**
Forests				
Logging tax	12,276,852	2,074,182	956,421	4,313,466
Timber sales	78,442,028	64,700,259	103,833,898	101,479,102
Forest scaling fees	7,337,736	5,738,935	8,941,426	5,417,582
Other forest revenue	8,666,143	10,391,964	17,163,860	20,161,932
	106,722,759	**82,905,340**	**130,895,605**	**131,372,082**
Water resources	64,990,853	187,429,850	171,995,181	190,840,415
Wildlife Act — fees and licences	6,555,038	10,935,035	10,916,540	10,658,970
Total Natural Resource Revenue	**597,602,886**	**542,550,619**	**678,687,779**	**726,494,328**
Other revenue				
Sales and services				
Farm income assurance	43,305,107	28,338,001	31,843,481	29,580,600
Lottery	25,913,997	28,137,960	60,021,992	84,493,299
Land registry fees	31,161,375	27,056,219	31,035,564	27,318,053
Land leases, rentals and fees	8,104,305	17,119,741	12,448,413	13,686,163
Other	69,879,676	49,704,795	48,374,414	50,159,373
	178,364,460	**150,356,715**	**183,723,864**	**205,237,488**
Licences and permits				
Motor vehicle licences and permits	103,504,451	102,107,910	39,827,653	128,325,584
Other	41,832,114	44,045,671	43,673,900	46,469,540
	145,336,565	**146,153,581**	**83,501,553**	**174,795,124**
Fines and penalties	19,014,445	15,250,866	16,395,065	16,248,367
Income from investments	211,475,421	91,321,248	77,148,502	114,242,841
British Columbia Place Ltd. — non-recurring recovery of previous grants		65,000,000		
British Columbia Cellulose Company — dividends		5,000,000		
Municipal and other governments	32,837,631	18,466,674	3,876,161	3,325,933
Miscellaneous	93,283,860	71,842,571	113,264,142	60,007,697
Total Other Revenue	**680,312,382**	**563,391,656**	**477,909,287**	**573,857,450**

Table 7.3

Schedule of Combined General Fund and Special Funds Revenue by Source for the Fiscal Years Ended March 31, 1982, 1983, 1984 and 1985 (Unaudited)—*Continued*

	1982	1983	1984	1985
	$	$	$	$
Contributions from government enterprises				
Liquor Distribution Branch	315,839,210	337,854,900	351,525,246	354,593,499
British Columbia Buildings Corporation	8,005,000			4,404,000
British Columbia Systems Corporation	2,676,000		19,045	
Total Contributions from Government Enterprises	**326,520,210**	**337,854,900**	**351,544,291**	**358,997,499**
Contributions from the Federal Government				
Established Programs Financing	643,861,000	652,360,000	928,536,000	1,059,490,000
Fiscal Stabilization			139,000,000	35,000,000
Canada Assistance Plan	320,167,884	460,005,833	543,710,297	579,194,626
Statutory and other subsidies	7,595,929	9,232,574	7,241,818	5,895,275
Other shared costs and grants in aid	110,692,549	94,025,647	137,877,548	97,822,389
Reciprocal Taxation Agreement			16,315,000	19,318,000
Total Contributions from the Federal Government	**1,082,317,362**	**1,215,624,054**	**1,772,680,663**	**1,796,720,290**
Total Combined Revenue	**6,903,448,673**	**6,529,089,773**	**7,344,272,795**	**7,824,281,793**
Reconciliation with Summaries of Revenue				
General Fund	6,773,703,062	7,327,745,838	7,242,388,185	7,269,897,374
Less transfers from Special Funds	(62,768,481)	(1,405,730,330)	(677,267,349)	(295,102,847)
Special Funds	488,913,886	873,667,613	1,030,516,017	1,053,657,866
Less transfers from General Fund	(296,399,794)	(266,593,348)	(251,364,058)	(204,170,600)
	6,903,448,673	**6,529,089,773**	**7,344,272,795**	**7,824,281,793**

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[1] Includes $429,968,934 paid to the British Columbia Railway Company to provide for the retirement of long-term debt.

Table 7.4

Statement of Combined General Fund and Special Funds Expenditure by Function for the Fiscal Years Ended March 31, 1982, 1983, 1984 and 1985 (Unaudited)

	1982	1983	1984	1985
General Government	$	$	$	$
Administrative	135,272,130	145,129,399	140,920,815	170,026,203
Legislative				
Elections	3,598,653	6,892,751	10,828,286	2,610,532
Legislative Assembly and Government House	8,878,483	8,075,752	9,553,189	8,242,061
Total General Government	**147,749,266**	**160,097,902**	**161,302,290**	**180,878,796**
Protection of Persons and Property				
Law enforcement	120,416,685	130,068,014	142,332,993	146,214,372
Corrections	94,915,883	108,154,126	110,644,158	106,708,608
Police protection	54,291,165	67,630,853	73,930,829	76,720,870
Registration, regulation, inspection, trusteeship	87,314,754	89,590,119	87,293,868	82,274,880
Total Protection of Persons and Property	**356,938,487**	**395,443,112**	**414,201,848**	**411,918,730**
Transportation and Communications				
Highways, roads, bridges and airports	505,859,762	455,409,698	670,432,825	645,325,625
Waterways, ferries, docks and wharves	57,820,007	43,389,549	36,400,569	35,386,270
British Columbia Ferries	63,712,166	47,820,819	47,821,333	47,821,433
British Columbia Railway	128,151,155	77,000,000	77,000,000	37,809,461
Total Transportation and Communications	**755,543,090**	**623,620,066**	**831,654,727**	**766,342,789**
Health and Social Services				
Health				
Administration	19,093,359	19,441,811	22,774,229	29,370,838
Public health	126,321,834	171,137,220	142,264,684	156,048,075
Medical, dental and allied services	574,503,700	650,673,569	850,800,449	762,813,581
Hospital care				
Administration	8,000,309	7,923,008	7,521,149	11,310,172
Payments to local hospitals	1,095,164,258	1,254,323,444	1,326,039,155	1,374,143,276
Provincial mental hospitals	150,380,313	166,788,754	175,921,242	172,054,908
Social Services				
Administration	109,824,226	115,575,091	119,281,030	128,631,277
Aid to aged persons	37,107,344	39,373,857	34,036,131	32,586,426
Social assistance	701,678,600	892,497,370	1,112,692,519	1,176,922,286
Child welfare	104,379,375	135,101,840	139,602,469	132,483,059
Labour relations, industrial conciliation and arbitration	10,794,029	12,460,255	10,676,348	10,794,423
Total Health and Social Services	**2,937,247,347**	**3,465,296,219**	**3,941,609,405**	**3,987,158,321**
Recreation and Cultural Services				
Archives, art galleries, museums and libraries	20,207,230	16,888,383	18,818,513	17,344,553
Parks, beaches and other recreational areas	50,591,055	37,952,033	36,555,733	34,606,835
Physical culture	4,399,130	3,349,045	3,825,833	2,970,474
Other	5,969,060	4,996,370	4,276,696	3,854,297
Total Recreation and Cultural Services	**81,166,475**	**63,185,831**	**63,476,775**	**58,776,159**

Table 7.4

Statement of Combined General Fund and Special Funds Expenditure by Function for the Fiscal Years Ended March 31, 1982, 1983, 1984 and 1985 (Unaudited)—*Continued*

	1982	1983	1984	1985
	$	$	$	$
Education				
Administration	10,010,172	15,530,752	14,244,754	14,233,304
Schools operated by local authorities				
Operating grants	530,152,224	585,253,642	631,202,171	651,171,481
Home-owner grants (school-levy portion)	228,877,782	235,661,041	237,050,407	242,182,490
Aids and services	37,350,367	27,246,303	26,035,343	27,881,712
Universities, colleges, vocational and other schools	632,147,931	689,109,548	698,067,941	654,513,528
Independent schools	13,239,672	17,171,821	37,901,416	24,866,464
Education of the handicapped	8,500,373	5,831,335	7,998,267	8,127,611
Teachers' pensions and unemployment insurance	96,385,037	103,210,207	104,792,441	105,614,187
Total Education	**1,556,663,558**	**1,679,014,649**	**1,757,292,740**	**1,728,590,777**
Natural Resource and Primary Industries				
Fish and game	19,541,424	19,678,224	20,514,639	20,780,151
Forests (including fire suppression)	250,124,234	265,479,527	233,964,389	251,263,439
Lands-settlement and agriculture	185,903,116	155,412,015	159,051,812	147,114,968
Minerals and mines	24,592,107	20,643,424	17,791,913	23,014,273
Water resources	40,031,890	34,094,495	50,382,283	41,129,907
Other	1,745,750			
Total Natural Resource and Primary Industries	**521,938,521**	**495,307,685**	**481,705,036**	**483,302,738**
Trade and Industrial Development	**88,309,337**	**59,808,755**	**60,756,715**	**51,893,855**
Housing				
Home-owner grants (nonschool-levy portion)	26,075,767	25,766,231	26,304,721	25,909,165
Home-acquisition grants	21,372,090	22,116,318	23,560,828	6,313,104
Renters' grants	21,627,785	22,044,034	467,247	
Other	45,763,646	52,179,909	30,233,951	22,974,204
Total Housing	**114,839,288**	**122,106,492**	**80,566,747**	**55,196,473**
Aid to Local Government				
Grants in aid of local government	264,733,057	212,557,750	215,796,116	209,537,981
Transit subsidy	89,757,666	86,408,473	84,188,223	68,365,757
Planning and development	4,191,708	5,263,170	5,169,428	4,850,063
University Endowment Lands	3,490,921	3,977,510	3,749,909	3,830,217
Total Aid to Local Government	**362,173,352**	**308,206,903**	**308,903,676**	**286,584,018**
Interest on Public Debt	**16,917,773**	**28,329,459**	**112,594,092**	**272,438,547**

Table 7.4

Statement of Combined General Fund and Special Funds Expenditure by Function for the Fiscal Years Ended March 31, 1982, 1983, 1984 and 1985 (Unaudited)—*Continued*

	1982	1983	1984	1985
	$	$	$	$
Other Expenditure				
Provincial Emergency Program	8,749,909	5,921,657	5,821,533	9,201,355
Special Employment Program	17,760,557	46,134,936	38,243,518	10,635,792
Interest on deposits and revenue refunds	17,766,471	1,552,448	898,997	1,311,097
Lottery Fund grants	16,132,831	28,658,227	56,761,841	49,175,942
Crown corporation grants and other payments	53,358,895	10,000,000	46,228,520	439,968,934[1]
British Columbia Resources Investment Corporation —Donation of investment	25,019,744			
Transfer of property to British Columbia Buildings Corporation	5,918,571	20,012,926	392,104	2,961,009
Sundry	3,276,675	597,500	1,439,707	127,700
Total Other Expenditure	**147,983,653**	**112,877,694**	**149,786,220**	**513,381,829**
Total Combined Expenditure	**7,087,470,147**	**7,513,294,767**	**8,363,850,271**	**8,796,463,032**

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[1] Includes $429,968,934 paid to the British Columbia Railway Company to provide for the retirement of long-term debt.

Table 7.5

General Fund Revenue for the Fiscal Year Ended March 31, 1985 (Unaudited)

Estimated	Source	Revenue		
$		$	$	$
	Taxation Revenue:			
2,148,000,000	Personal income[1]		1,853,296,653	
383,000,000	Corporation income[1]		366,164,204	
1,371,000,000	Social service		1,388,740,895	
391,000,000	Gasoline		411,932,509	
51,000,000	Motive fuel use		56,394,694	
156,000,000	Tobacco		159,315,452	
87,000,000	Corporation capital		86,998,874	
41,000,000	Property (rural areas)		41,268,716	
23,000,000	Insurance premium		22,039,794	
25,000,000	Hotel room		25,099,624	
8,000,000	Horse racing		6,801,580	
	Succession and gift		159,231	
4,684,000,000	**Total Taxation Revenue**			4,418,212,226
	Natural Resource Revenue:			
207,600,000	General Fund share of Resource Revenue			295,102,847
	Other Revenue:			
	Sales and services:			
35,000,000	Land Registry Fees	27,318,053		
26,500,000	Real estate earnings of the Crown Land Account	21,062,600		
11,200,000	Medicare services recoveries	10,640,191		
8,340,000	Motor vehicle lien and search fees	6,245,954		
5,600,000	Ambulance service	6,924,450		
4,700,000	Ferry revenue	4,749,026		
2,300,000	Sheriffs' fees	1,387,787		
2,100,000	Property tax collection fees	2,294,589		
1,900,000	Vital statistics fees	2,115,405		
1,000,000	Hearing aid equipment	1,262,261		
600,000	Sales of maps and airphotos	414,478		
4,300,000	Miscellaneous sales and services	6,748,795		
103,540,000			91,163,589	
	Licences and permits:			
118,000,000	Motor vehicle licences and permits	128,325,584		
16,000,000	Liquor Licensing Branch—permits and fees	15,484,118		
8,000,000	Companies Branch	7,850,585		
5,500,000	Safety inspection fees	5,053,872		
6,000,000	Filing fees — Court services	3,673,103		
3,300,000	Camp-site permits and park use	3,623,201		
3,000,000	*Fire Services Act*—fees, etc.	3,651,086		
3,000,000	Insurance, brokers and real estate	2,109,084		
1,300,000	Agricultural licences	1,396,338		
1,000,000	Trade and dealer licences	414,799		
900,000	Mobile home registry	633,971		
4,000,000	Miscellaneous licences and permits	2,579,383		
170,000,000			174,795,124	
63,078,000	Income from investments		105,347,790	

Table 7.5

General Fund Revenue for the Fiscal Year Ended March 31, 1985 (Unaudited)—*Continued*

Estimated	Source	Revenue		
$		$	$	$
	Miscellaneous:			
19,000,000	Fines and penalties	16,248,367		
11,000,000	Maintenance of children	19,330,507		
4,500,000	Other maintenance receipts	1,903,227		
9,500,000	Insurance claim receipts	11,806,495		
22,500,000	Other miscellaneous revenue	25,256,511		
2,500,000	Municipal share of joint service programs	3,250,180		
69,000,000			77,795,287	
	Non-recurring recoveries:			
	British Columbia Buildings Corporation — sale of property	743,413		
	British Columbia Development Corporation— net revenue from L.I.L.A. loans	1,019,309		
—			1,762,722	
405,618,000	**Total Other Revenue**			450,864,512
	Contributions From Government Enterprises:			
370,000,000	Liquor Distribution Branch[2]		354,593,499	
	British Columbia Buildings Corporation		4,404,000	
370,000,000	**Total Contributions from Government Enterprises**			358,997,499
	Contributions from the Federal Government:			
871,000,000	Established Programs Financing	1,059,490,000		
501,000,000	Canada Assistance Plan	579,194,626		
	Fiscal Stabilization Program	35,000,000		
62,000,000	Adult occupational training	51,544,002		
8,000,000	Economic development	8,521,851		
5,000,000	*Public Utilities Income Tax Transfer Act*	3,379,444		
14,000,000	Transportation and highways	14,360,315		
2,500,000	Statutory subsidies	2,515,831		
17,000,000	Reciprocal Taxation Agreement	19,318,000		
10,500,000	Other Payments	23,396,221		
1,491,000,000	**Total Contributions from the Federal Government**			1,796,720,290
7,158,218,000	**General Fund Revenue**			7,269,897,374

Revenue by source is reported after the deduction of amounts considered uncollectible. These amounts totalled $14,423,807 in 1984/85 and were comprised of reductions of Taxation $9,051,807, Natural Resources $1,947,244, Contributions from Federal Government $26,635. Other $3,398,121.

[1] Personal and Corporation income tax revenues are recorded after reduction for tax credits of $3,427,042 and $11,525,736 respectively. Taxes are reduced for the payment of foreign tax, logging tax, political contributions, personal income tax, and royalty rebates.

[2] The British Columbia Liquor Distribution Branch revenue is the net income of the Branch after adjusting for differences in the accounting policies of the Branch from those of the Government.

Table 7.6

Resource Revenue for the Fiscal Year Ended March 31, 1985 (Unaudited)

Estimated	Source	Revenue		
$		$	$	$
	Petroleum and Natural Gas:			
116,000,000	British Columbia Petroleum Corporation	140,013,142		
61,000,000	Permits and fees	97,811,166		
96,000,000	Petroleum and natural gas royalties	100,061,797		
273,000,000			337,886,105	
	Minerals:			
1,000,000	Mining tax	2,182,576		
4,500,000	Mineral resource tax	5,850,159		
16,500,000	Mineral land tax	17,408,539		
13,000,000	Coal, minerals and metals royalties	23,203,351		
7,000,000	Miscellaneous mining receipts	7,092,131		
42,000,000			55,736,756	
	Forests:			
2,000,000	Logging tax	4,313,466		
140,000,000	Timber sales[1]	101,479,102		
12,000,000	Timber royalties	14,663,507		
5,000,000	Forest scaling fees	5,417,582		
4,000,000	Miscellaneous forest receipts	5,498,425		
163,000,000			131,372,082	
	Other:			
189,000,000	Water rentals and recording fees	190,840,415		
12,000,000	*Wildlife Act*—fees and licences	10,658,970		
201,000,000			201,499,385	
679,000,000	**Total Resource Revenue**			726,494,328
1,400,000	**Habitat Conservation Fund's Share of Resource Revenue**			1,422,547
207,600,000	**General Fund's Share of Resource Revenue**[2]			295,102,847
470,000,000	**Resource Revenue Stabilization Fund's Share of Resource Revenue**			429,968,934
679,000,000				726,494,328

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[1] Timber sales are net of stumpage offsets allowed under section 88 of the *Forest Act* — $65,510,947 (Estimates $59,000,000).

[2] General Fund's share of Resource Revenue is transferred from the Resource Revenue Stabilization Fund.

Table 7.7

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1985 (Unaudited)

		Total Appropriations				
Vote No.	**Description**	**Estimated**	**Other Authorizations**	**Total**	**Actual Expenditure**	**Net Under Expenditure**
		$	$	$	$	$
	Legislation					
1	Legislation	**7,616,302**		**7,616,302**	**7,609,049**	**7,253**
	Auditor General					
2	Auditor General	**3,488,068**				
	Supplement — Special Warrant No. 10		**32,000**	**3,520,068**	**3,480,631**	**39,437**
	Ombudsman					
3	Office of the Ombudsman	**1,938,020**				
	Supplement — Special Warrant No. 11		**66,000**	**2,004,020**	**2,000,753**	**3,267**
	Premier's Office					
4	Premier's Office	**697,886**		**697,886**	**695,659**	**2,227**
	Ministry of Agriculture and Food					
5	Minister's Office	190,978		190,978	172,391	18,587
6	Ministry Operations	73,117,362		73,117,362	70,954,717	2,162,645
7	Milk Board	246,719		246,719	246,699	20
8	Provincial Agricultural Land Commission	824,463		824,463	782,316	42,147
	Statutory—*Cattle Horn Act* (R.S.B.C. 1979, chap. 44, sec. 7) — Livestock improvement		42,646	42,646	42,646	
		74,379,522	42,646	74,422,168	72,198,769	2,223,399
	Special Accounts—					
	Livestock Protection Act (R.S.B.C. 1979, chap. 245, sec. 14)	15,000		15,000	9,401	5,599
	Farm Product Industry Act (R.S.B.C. 1979, chap. 124, sec. 16)	500,000		500,000	215,062	284,938
		74,894,522	**42,646**	**74,937,168**	**72,423,232**	**2,513,936**
	Ministry of Attorney General					
9	Minister's Office	200,506		200,506	188,428	12,078
10	Ministry Operations	224,410,418				
	Supplement—Special Warrant No. 12		6,400,000			
	Statutory—					
	Crown Proceeding Act (R.S.B.C. 1979, chap. 86, sec. 13)		13,376,100			
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(631,486)			
	Criminal Injury Compensation Act (R.S.B.C. 1979, chap. 83, sec. 2 (5))		2,655,824	246,210,856	246,210,856	
11	Judiciary	12,996,553		12,996,553	12,963,298	33,255
12	Corrections	106,580,344				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		89,509	106,669,853	106,669,853	
	Statutory—					
	Indian Cut-off Lands Disputes Act (S.B.C. 1982, chap. 50, sec. 5)—Chemainus and Becher Bay		127,700	127,700	127,700	
	Young Offenders (British Columbia) Act (S.B.C. 1984, chap. 30, sec. 24)		3,669,000	3,669,000	3,669,000	
		344,187,821	25,686,647	369,874,468	369,829,135	45,333
	Special Account—*Land Title Act* (R.S.B.C. 1979, chap. 219, sec. 274)		20,927	20,927	20,927	
		344,187,821	**25,707,574**	**369,895,395**	**369,850,062**	**45,333**
	Ministry of Consumer and Corporate Affairs					
13	Minister's Office	200,449				
	Supplement — Special Warrant No. 13		12,000	212,449	205,776	6,673

Table 7.7

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1985 (Unaudited)—*Continued*

		Total Appropriations				
Vote No.	Description	Estimated	Other Authorizations	Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
14	Ministry Operations	18,833,909				
	Statutory — *Residential Tenancy Act* (S.B.C. 1984, chap. 15, sec. 55)		1,139,377	19,973,286	19,404,529	568,757
		19,034,358	**1,151,377**	**20,185,735**	**19,610,305**	**575,430**
	Ministry of Education					
15	Minister's Office	186,000		186,000	173,068	12,932
16	Management Operations and Educational Finance	24,148,535				
	Statutory — *Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 20 (3))		721,611	24,870,146	24,859,793	10,353
17	Public Schools Education	999,534,707				
	Supplement — Special Warrant No. 14		9,000,000			
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 20 (3))		8,298,182			
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		23,007,223	1,039,840,112	1,039,840,112	
18	Post-Secondary Colleges and Institutes	308,659,687		308,659,687	308,508,983	150,704
19	Independent Schools	23,355,960		23,355,960	23,355,958	2
	Statutory—					
	Education (Interim) Finance Act (S.B.C. 1982, chap. 2, sec. 20 (6))		829,262	829,262	829,262	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (c))—Interest on property tax refunds		4,040	4,040	4,040	
		1,355,884,889	**41,860,318**	**1,397,745,207**	**1,397,571,216**	**173,991**
	Ministry of Energy, Mines and Petroleum Resources					
20	Minister's Office	151,016		151,016	146,711	4,305
21	Resource Management Program	18,381,400				
	Supplement—Special Warrant No. 4		5,500,000	23,881,400	23,095,067	786,333
22	British Columbia Utilities Commission	1,546,444				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 20 (3))		230,862	1,777,306	1,777,306	
23	Fort Nelson Indian Band Mineral Revenue Sharing Agreement	3,500,000		3,500,000	1,439,120	2,060,880
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 21 (1))—Special Warrant No. 3—Loan to Scottie Gold Mines Ltd.		435,000	435,000		435,000
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (c))—Interest on revenue refunds		200,625	200,625	200,625	
	Mines Act (S.B.C. 1980, chap. 28, sec. 15 (2))—Mine improvement		32,785	32,785	32,785	
		23,578,860	**6,399,272**	**29,978,132**	**26,691,614**	**3,286,518**
	Ministry of Environment					
24	Minister's Office	145,194		145,194	119,312	25,882
25	Resource and Environmental Management	88,866,952		88,866,952	87,982,951	884,001
26	Emergency Assistance	2,530,000		2,530,000	165,725	2,364,275
	Statutory—					
	Flood Relief Act (R.S.B.C. 1979, chap. 138, sec. 2)—Flood costs		7,114,822	7,114,822	7,114,822	
	Emergency Program Act (R.S.B.C. 1979, chap. 106, sec. 16)—Purchase of property subject to hazard		73,300	73,300	73,300	

Table 7.7

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1985 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Environment Management Act (S.B.C. 1981, chap. 14, sec. 6 (1))—Byrne Disaster		4,858	4,858	4,858	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 15 (1))—Extinguishment of debt		3,267	3,267	3,267	
		91,542,146	**7,196,247**	**98,738,393**	**95,464,235**	**3,274,158**
	Ministry of Finance					
27	Minister's Office	185,567		185,567	177,182	8,385
28	Government Financial Support	57,619,011		57,619,011	56,238,000	1,381,011
29	Provincial Capital Commission	256,500		256,500	256,500	
30	Compensation Stabilization Program	798,725		798,725	623,245	175,480
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 53 (f))—Issue costs		444,634	444,634	444,634	
	Unclaimed Money Act (R.S.B.C. 1979, chap. 418, sec. 4)—Payment of claims		3,834	3,834	3,834	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (c))—Interest on revenue refunds		1,110,472	1,110,472	1,110,472	
	Resource Investment Corporation Act (R.S.B.C. 1979, chap. 366, part 5, sec. 17)—Donation of shares		617	617	617	
		58,859,803	**1,559,557**	**60,419,360**	**58,854,484**	**1,564,876**
	Ministry of Forests					
31	Minister's Office	155,718		155,718	155,142	576
32	Forest and Range Management	206,096,703				
	Supplement—Special Warrant No. 6		6,500,000			
	Special Warrant No. 7		5,000,000	217,596,703	217,061,751	534,952
33	Fire Suppression Program	46,000,000		46,000,000	37,592,291	8,407,709
		252,252,421	**11,500,000**	**263,752,421**	**254,809,184**	**8,943,237**
	Ministry of Health					
34	Minister's Office	199,325		199,325	181,470	17,855
35	Management Operations	65,735,518		65,735,518	64,588,266	1,147,252
36	Medical Services Commission	539,126,634				
	Statutory—*Medical Services Act* (R.S.B.C. 1979, chap. 255, sec. 12)		23,427,555	562,554,189	562,554,189	
37	Preventive and Community Health Care Services	187,672,739		187,672,739	184,191,892	3,480,847
38	Institutional Services	1,746,349,580		1,746,349,580	1,745,991,259	358,321
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries		78,962	78,962	78,962	
		2,539,083,796	**23,506,517**	**2,562,590,313**	**2,557,586,038**	**5,004,275**
	Ministry of Human Resources					
39	Minister's Office	208,514		208,514	195,139	13,375
40	Ministry Programs	1,281,215,544				
	Supplement—Special Warrant No. 8		154,100,000	1,435,315,544	1,414,357,306	20,958,238
		1,281,424,058	**154,100,000**	**1,435,524,058**	**1,414,552,445**	**20,971,613**
	Ministry of Industry and Small Business Development					
41	Minister's Office	150,674		150,674	143,494	7,180
42	Ministry Operations	43,881,339				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C. 302/85)—Transfer to Ministry of International Trade and Investment		(467,217)			

Table 7.7

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1985 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Supplement—Special Warrant No. 1		14,359,461	57,773,583	53,123,015	4,650,568
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England		718	718	718	
		44,032,013	13,892,962	57,924,975	53,267,227	4,657,748
	Special Account—North East Coal Development—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 6)	2,000,000		2,000,000	282,985	1,717,015
		46,032,013	**13,892,962**	**59,924,975**	**53,550,212**	**6,374,763**
	Ministry of Intergovernmental Relations					
43	Minister's Office	125,531		125,531	124,776	755
44	Intergovernmental Relations	2,309,876		2,309,876	2,108,544	201,332
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England		4,579	4,579	4,579	
		2,435,407	**4,579**	**2,439,986**	**2,237,899**	**202,087**
	Ministry of International Trade and Investment					
	Ministry Operations					
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C. 302/85)—Transfer from Ministry of Industry and Small Business Development		467,217	467,217	328,218	138,999
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78—Medical expenses, London, England		67	67	67	
		—	**467,284**	**467,284**	**328,285**	**138,999**
	Ministry of Labour					
45	Minister's Office	196,554		196,554	195,328	1,226
46	Ministry Operations	57,715,546				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		(18,936)	57,696,610	51,870,069	5,826,541
	Statutory—					
	Human Rights Act (S.B.C. 1984, chap. 22, sec. 25)		350,677	350,677	350,677	
	Pulp and Paper Collective Bargaining Assistance Act (S.B.C. 1984, chap. 10, sec. 12)		641	641	641	
		57,912,100	**332,382**	**58,244,482**	**52,416,715**	**5,827,767**
	Ministry of Lands, Parks and Housing					
47	Minister's Office	191,758		191,758	127,753	64,005
48	Ministry Operations	59,589,082		59,589,082	58,189,345	1,399,737
49	Ministry Enterprises	10		10		10
50	British Columbia Home Program	10		10		10
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
		59,780,860		59,780,860	58,317,098	1,463,762
	Special Accounts—					
	Crown Land—*Ministry of Lands, Parks and Housing Act* (R.S.B.C. 1979, chap. 277, sec. 7)	18,500,000	2,350,073	20,850,073	20,850,073	

Table 7.7

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1985 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations: Estimated	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
	Provincial Home Acquisition—*Home Conversion and Leasehold Loan Act* (R.S.B.C. 1979, chap. 170, sec. 17) and *Home Purchase Assistance Act* (R.S.B.C. 1979, chap. 172, sec. 21)	4,000,000	3,481,800	7,481,800	7,481,800	
	University Endowment Land Act (R.S.B.C. 1979, chap. 420, sec. 3)	2,478,000		2,478,000	1,246,742	1,231,258
		84,758,860	**5,831,873**	**90,590,733**	**87,895,713**	**2,695,020**
	Ministry of Municipal Affairs					
51	Minister's Office	174,580				
	Supplement—Special Warrant No. 15		5,000	179,580	178,669	911
52	Operations and Administration	9,186,203		9,186,203	8,669,749	516,454
53	Municipal Revenue Sharing	174,590,000		174,590,000	174,590,000	
		183,950,783	5,000	183,955,783	183,438,418	517,365
	Special Account—Downtown Revitalization—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 2)	1,100,000		1,100,000	1,008,243	91,757
		185,050,783	**5,000**	**185,055,783**	**184,446,661**	**609,122**
	Ministry of Provincial Secretary and Government Services					
54	Minister's Office	190,839		190,839	175,763	15,076
55	Provincial Secretary and Government Services	33,373,140		33,373,140	31,476,003	1,897,137
56	Government Information Services	18,915,859		18,915,859	18,443,832	472,027
57	Culture, Heritage and Recreation	17,884,946		17,884,946	17,496,141	388,805
58	Government Personnel, Pensions and Employee Benefits Administration	13,250,416		13,250,416	12,389,061	861,355
59	Pensions and Employee Benefits Contributions	10		10		10
		83,615,210		83,615,210	79,980,800	3,634,410
	Special Accounts—					
	Provincial Computerization of Libraries—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 7)	775,000		775,000	638,437	136,563
		84,390,210		**84,390,210**	**80,619,237**	**3,770,973**
	Ministry of Tourism					
60	Minister's Office	141,801		141,801	139,700	2,101
61	Ministry Operations	7,730,710		7,730,710	6,875,521	855,189
	Statutory — *Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England and California, U.S.A.		22,504	22,504	22,504	
		7,872,511	**22,504**	**7,895,015**	**7,037,725**	**857,290**
	Ministry of Transportation and Highways					
62	Minister's Office	218,797		218,797	187,780	31,017
63	Administration and Services Department	10,213,139		10,213,139	10,046,932	166,207
64	Highway Operations Department	461,206,535				
	Supplement—Special Warrant No. 2		100,000,000			
	—Special Warrant No. 16		121,588,000	682,794,535	666,967,406	15,827,129
65	Hydro Development—Highway Construction	10		10		10
66	Motor Vehicle Department	28,035,515				
	Supplement—Special Warrant No. 5		4,820,000	32,855,515	31,989,706	865,809
67	Motor Carrier Commission and Branch	2,627,154		2,627,154	2,583,689	43,465
68	Transportation Policy Department	5,695,879		5,695,879	4,596,198	1,099,681
69	Air Services Branch	5,228,694		5,228,694	5,073,237	155,457

Table 7.7

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1985 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
70	Crown Corporation Assistance	55,807,700		55,807,700	55,471,433	336,267
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 21 (1))--Special Warrant No. 17—Grant *re* Newman Creek Railway Bridge		870,000	870,000	800,000	70,000
		569,033,423	**227,278,000**	**796,311,423**	**777,716,381**	**18,595,042**
	Ministry of Universities, Science and Communications					
71	Minister's Office	127,518		127,518	126,342	1,176
72	Ministry Operations	11,923,515		11,923,515	11,754,551	168,964
73	Government Telecommunication Services	10		10	10	
74	Universities	328,248,700		328,248,700	328,231,005	17,695
		340,299,743		**340,299,743**	**340,111,908**	**187,835**
	Other Voted Appropriations—					
75	Student Employment Programs (Minister of Labour)	10,000,000		10,000,000	8,875,844	1,124,156
76	Transit Services (Minister of Human Resources)	75,500,000		75,500,000	68,156,726	7,343,274
77	Interest on the Public Debt (Minister of Finance)	237,600,000				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 53 (a))		34,393,914	271,993,914	271,993,914	
78	Contingencies (All Ministries—Minister of Finance)	50,000,000		50,000,000	35,846,389	14,153,611
		373,100,000	**34,393,914**	**407,493,914**	**384,872,873**	**22,621,041**
	Total, General Fund Expenditure	**7,805,368,000**	**555,350,006**	**8,360,718,006**	**8,252,432,516**	**108,285,490**

Table 7.8

Schedule of Combined General Fund and Special Funds Expenditure by Objects of Expenditure Classification (Grouped) for the Fiscal Year Ended March 31, 1985 (Unaudited)

Ministry	Salaries and Benefits	Operating Costs	Asset Acquisitions	Grants and Contributions	Other Expenditures	Less: Recoveries	Total Expenditures
	$	$	$	$	$	$	$
Legislation	4,202,167	877,203	273,651	62,581	2,193,447		7,609,049
Auditor General	2,901,169	713,418	25,678	5,000		(164,634)	3,480,631
Ombudsman	1,166,748	773,610	60,395				2,000,753
Premier's Office	547,677	134,805	13,177				695,659
Agriculture and Food	16,439,306	8,309,770	944,079	42,967,278[1]	3,915,615	(152,816)	72,423,232
Attorney General	144,724,088	99,281,928	5,543,073	111,231,617	15,196,219	(6,126,863)	369,850,062
Consumer and Corporate Affairs	13,231,773	5,703,998	674,534				19,610,305
Education	14,509,967	29,132,968	2,371,499	2,054,834,941	1,077,105	(704,355,264)	1,397,571,216
Energy, Mines and Petroleum Resources	12,111,108	13,042,276	581,002	1,511,120		(553,892)	26,691,614
Environment	48,046,181	34,294,124	11,415,919	3,061,119	4,067	(1,357,175)	95,464,235
Finance	32,290,893	21,827,222	950,996	8,590,642	58,223,190	(63,028,459)	58,854,484
Forests	121,010,258	126,860,825	11,079,346	1,955,000	7,705	(6,103,950)	254,809,184
Health	219,171,511	98,020,684	4,932,244	2,249,614,115	190,561	(14,343,077)	2,557,586,038
Human Resources	136,605,231	53,707,478	1,314,224	1,226,118,038		(3,192,526)	1,414,552,445
Industry and Small Business Development	7,017,999	5,753,059	184,794	39,518,985	1,096,480	(21,105)	53,550,212
Intergovernmental Relations	1,534,844	538,600	124,455	40,000			2,237,899
International Trade and Investment	137,040	157,364	10,659	23,222			328,285
Labour	26,527,607	8,633,406	1,368,258	17,812,876		(1,925,432)	52,416,715
Lands, Parks and Housing	35,998,979	18,975,978	3,430,232	16,264,011	14,178,143	(951,630)	87,895,713
Municipal Affairs	3,604,005	1,295,717	111,785	179,435,154[1]			184,446,661
Provincial Secretary and Government Services	37,617,238	47,175,719	1,776,438	7,091,387	918,601	(13,960,146)	80,619,237
Tourism	2,989,704	3,775,916	80,413	781,303	1,102	(590,713)	7,037,725
Transportation and Highways	208,376,863	239,866,034	274,103.939	56,105,068	124,219	(859,742)	777,716,381
Universities, Science and Communications	3,126,176	1,535,782	1,140,882	338,289,005		(3,979,937)	340,111,908
Other Voted Appropriations	12,832,057	7,972,050		88,901,972	275,166,794		384,872,873
Less: Transfers to Special Funds				(204,170,600)[1]			(204,170,600)
Special Funds	804,360	3,405,291	86,751	983,945,031[2]	55,062,530		1,043,303,963
Less: Transfers to General Fund				(295,102,847)[2]			(295,102,847)
Combined Expenditure	1,107,524,949	831,765,225	322,598,423	6,928,886,018	427,355,778	(821,667,361)	8,796,463,032
Comparative—1984 Combined Expenditure	1,175,694,339	888,981,922	299,294,154	6,579,420,246	211,963,859	(791,504,249)	8,363,850,271

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[1] Transfers to Special Funds of $204,170,600 are composed of Agriculture (Farm Income Assurance) $29,580,600, and Municipal Affairs (Revenue Sharing Fund) $174,590,000.

[2] Transfer to the General Fund of $295,102,847 is composed of revenue from the Resource Revenue Stabilization Fund.

Table 7.9

Special Funds Transactions and Balances for the Fiscal Year Ended March 31, 1985 (Unaudited)

	Balance March 31, 1984[3]	Revenue[2]	Expenditures[1]	Balance March 31, 1985[3]
Perpetual Funds—	$	$	$	$
British Columbia Cultural—				
Capital Account	20,000,000			20,000,000
Current Account	532,355	1,613,584	1,541,152	604,787
First Citizens'—				
Capital Account	25,000,000			25,000,000
Current Account	1,246,572	1,942,932	1,674,708	1,514,796
Physical Fitness and Amateur Sports—				
Capital Account	20,000,000			20,000,000
Current Account	650,230	1,616,307	1,723,373	543,164
	67,429,157	5,172,823	4,939,233	67,662,747
Other Funds—				
Farm Income Assurance[2,3]—				
Contributed reserve	9,674,624			9,674,624
Operating balance	(6,312,920)	59,678,821	53,536,500	(170,599)
Habitat Conservation	1,121,200	1,599,081	1,319,074	1,401,207
Industrial Development Subsidiary Agreement Loan Repayment Revolving	25,927,295	3,052,061	1,526,031	27,453,325
Lottery	29,444,311	84,493,299	52,201,292	61,736,318[4]
Resource Revenue Stabilization[1]		725,071,781	725,071,781	
Revenue Sharing[2]	30,127,945	174,590,000	204,710,052	7,893
	89,982,455	1,048,485,043	1,038,364,730	100,102,768
Total Special Funds	**157,411,612**	**1,053,657,866**	**1,043,303,963**	**167,765,515**

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[1] Special Fund expenditures include amounts transferred as revenue to the General Fund as follows:

A balance of $295,102,847 in the Resource Revenue Stabilization Fund was transferred to the General Fund by order of the Lieutenant Governor in Council under section 4 of the *Resource Revenue Stabilization Fund Act*.

[2] Special Fund revenues include amounts transferred as expenditures from the General Fund as follows:

Farm Income Assurance Fund—$29,580,600.
Revenue Sharing Fund—$174,590,000.

[3] Balance of the Farm Income Assurance Fund has been separated into its components of a contributed reserve for stabilization account and operating or current account balance. The contributed reserve represents the remains of advances made by the Provincial Government to the Fund to cover short term deficits of individual programs.

[4] The balance of the Lottery Fund at March 31, 1985 includes a $13,282,332 recoverable advance to the B.C. Lottery Corporation.

Table 7.10

Government of British Columbia Public and Guaranteed Debt at March 31, 1985 (Unaudited)

Public Debt

	Gross Outstanding	Less Sinking Funds	Net Outstanding
			$
For the purpose of the Government of British Columbia	2,467,014,689	8,598,218	2,458,416,471
For the purpose of fiscal agency borrowings	1,318,172,971	2,401,920	1,315,771,051
	3,785,187,660	11,000,138	3,774,187,522

Guaranteed Debt

Government of British Columbia Guaranteed Debt of Provincial Crown Corporations, Municipal and Other Local Governments, and Private Enterprises

	1985			1984
	Gross Outstanding[2]	Sinking Funds [2]	Net Outstanding	Net Outstanding
	$	$	$	$
Social and Government Services—				
(1) Guarantees authorized pursuant to the *Municipalities Assistance Act*, sec. 3 (serials)	4,900,473		4,900,473	8,795,003
(2) Guarantees authorized pursuant to the *Municipal Act*, part 25, sec. 854, debentures (principally serials)	24,808,390		24,808,390	16,233,141
(3) Greater Vancouver Sewerage and Drainage District debentures (some serials)	10,149,355	10,149,355	—	—
(4) Guarantees authorized pursuant to the *British Columbia Buildings Corporation Act*, sec. 13[1]—				
Debentures—funded	521,915,807	29,632,166	492,283,641	501,663,547
Notes—unfunded				60,052,027
(5) Guarantees authorized pursuant to the *System Act*, sec. 20[1] —				
Debentures—funded	54,051,356	2,034,017	52,017,339	51,636,948
(6) Guarantees authorized pursuant to the *Educational Institution Capital Finance Act*, sec. 9 —				
Debentures—funded[1]	425,276,767	35,211,432	390,065,335	385,278,841
(7) Guarantees authorized pursuant to the *Financial Administration Act*, sec. 56 Other	9,970,185		9,970,185	
(8) Guarantees authorized pursuant to the *Hospital District Finance Act*, sec. 9 —				
Debentures—funded[1]	992,604,096	244,114,108	748,489,988	741,792,821
(9) Guarantees authorized pursuant to the *School District Capital Finance Act*, sec. 9[1]—				
Debentures—funded	1,597,078,581	620,347,084	976,731,497	992,387,067
—unfunded	1,200,333		1,200,333	4,245,316
Subtotal, Social and Government Services	3,641,955,343	941,488,162	2,700,467,181	2,762,084,711

Table 7.10

Province of British Columbia Direct and Guaranteed Debt at March 31, 1985 (Unaudited)—*Continued*

Guaranteed Debt

Government of British Columbia Guaranteed Debt of Provincial Crown Corporations, Municipal and Other Local Governments, and Private Enterprises—*Continued*

	1985			1984
	Gross Outstanding[2]	Sinking Funds[3]	Net Outstanding	Net Outstanding
Economic development —	$	$	$	$
(10) Guarantees authorized pursuant to the *Agricultural Credit Act*, sec. 3	2,956,801		2,956,801	3,494,510
(11) Guarantees authorized pursuant to the *British Columbia Cellulose Company Act*, sec. 8[1]	4,847,911		4,847,911	9,053,926
(12) Guarantees authorized pursuant to the *British Columbia Transit Act*, sec. 22[1]—				
Bonds and debentures	78,827,073	1,802,986	77,024,087	78,423,127
Notes	100,702,055		100,702,055	101,228,767
Capital leases	94,368,552		94,368,552	60,533,101
(13) Guarantees authorized pursuant to the *Development Corporation Act*, sec. 15[1], Bonds	263,463,385			
Less: held by the British Columbia Housing and Employment Development Financing Authority	(180,838,626)			
	82,624,759		82,624,759	81,439,781
Notes	86,430,632		86,430,632	62,229,003
(14) Guarantees authorized pursuant to the *Farm Product Industry Act*, sec. 2	1,046,557		1,046,557	3,807,820
(15) Guarantees authorized pursuant to the *Ferry Corporation Act*, sec. 18[1]—				
Notes — unfunded series	28,688,685		28,688,685	28,688,685
Note — funded	14,870,339	344,900	14,525,439	14,870,340
(16) Indemnities authorized pursuant to the *Financial Administration Act*, sec. 56— W.L.C. Developments Ltd.	15,741,561		15,741,561	9,225,872
The Terry Fox Medical Research Foundation et al	8,000,000		8,000,000	
(17) Guarantees authorized pursuant to the *Harbour Board Act*, secs. 18 and 30.1[1]				6,607,660
(18) Guarantees authorized pursuant to the *Housing and Employment Development Financing Act*, secs. 5 and 6[1]— Bonds and debentures	179,684,411		179,684,411	189,348,698
(19) Guarantees authorized pursuant to the *Ministry of Transportation and Highways Act*, sec. 66, *re:* British Columbia Steamship Company (1975) Ltd.[1]	4,937,621		4,937,621	4,782,119
Subtotal, economic development	703,726,957	2,147,886	701,579,071	653,733,409

Table 7.10

Province of British Columbia Direct and Guaranteed Debt at March 31, 1985 (Unaudited)—*Continued*

Guaranteed Debt

Government of British Columbia Guaranteed Debt of Provincial Crown Corporations, Municipal and Other Local Governments, and Private Enterprises—*Continued*

	1985			1984
	Gross Outstanding[2]	Sinking Funds[3]	Net Outstanding	Net Outstanding
	$	$	$	$
Commercial —				
(20) Guarantees authorized pursuant to the *Hydro and Power Authority Act*, sec. 44[1]—				
Bonds and debentures—funded	9,462,206,159	900,156,038	8,562,050,121	8,335,783,505
(21) Guarantees authorized pursuant to the *British Columbia Place Act, 1980*, sec. 6[1]—	31,516,233	687,357	30,828,876	31,516,233
(22) Guarantees authorized pursuant to the *British Columbia Railway Finance Act*, sec. 10[1]—				
Bonds and debentures — funded	767,564,796	767,564,796		619,442,096
Notes—unfunded				370,205,813
Capital leases	26,322,983		26,322,983	26,759,497
1st preferred shares—BC Rail Ltd.	200,000,000		200,000,000	
(23) Guarantees authorized pursuant to the *Petroleum Corporation Act*, secs. 10 and 12[1]	30,009,349		30,009,349	30,009,349
Subtotal, commercial	10,517,619,520	1,668,408,191	8,849,211,329	9,413,716,493
Grand total, all guaranteed debt	14,863,301,820	2,612,044,239	12,251,257,581	12,829,534,613
Less: Amounts included above held as investments by General and Special Funds	75,938,383	41,114,602	34,823,781	74,415,776
Net total, all guaranteed debt	14,787,363,437	2,570,929,637	12,216,433,800	12,755,118,837

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[1] Details of maturity dates, interest rates, and redemption features of the outstanding debt of these Crown agencies are published in the Public Accounts.

[2] Gross outstanding debt as at March 31, 1985 includes accrued interest of $486.6 million. Debt payable in United States currency is recorded in Canadian dollars at the rate of exchange prevailing at March 31, 1985.

Sinking funds comprise cash and investments recorded at amortized cost or par value, plus accrued interest of $55 million, with the exception of item 3 which is shown at an adjusted value equivalent to the gross outstanding funded debt. Par value, rather than cost, of investments is used for the certified trust portion of sinking fund balances in items 8, 9, and 22 as the investments have a par value, interest rate and maturity date identical to those of the debt issue for which they are held. The market value of these sinking fund investments was approximately $2,367 million at March 31, 1985 (1984: $1.481 million); however, these are not considered to be temporary investments. These investments are generally held until maturity, at which time the par value is realized. For certified trusts there is a requirement that they be held until maturity.

The Government is directly responsible for paying 58.1 to 100 per cent of debt service costs for health and education debt through various grant formulas. In 1984/85 these contributions totalled approximately $301 million or 80 per cent of the debt service costs. The Government also pays a portion of the debt service costs of some economic development enterprises. No such contribution is made for utilities.

As a result of Government financing policies $3.3 billion of the guaranteed debt is held in investment accounts included in these financial statements and in other Provincial public sector superannuation and pension funds. Canada Pension Plan funds made available to the Government ($4.1 billion) are subject to redemption on six months' notice by the Federal Minister of Finance.

Between the year end and August 15, 1985 there has been a net reduction of guaranteed debt totalling $76.7 million made up of $73.5 million new issues and $150.2 million redemptions.

Table 7.11

Provincial Government Loans, Investments and Advances, and Amounts Due from Crown Corporations and Agencies at March 31, 1985 (Unaudited)

Crown Corporations and Agencies	Loans to Crown Corporations	Investments in and Advances to Crown Corporations	Due From Crown Corporations and Agencies
	$	$	$
British Columbia Assessment Authority	3,300,000		
British Columbia Buildings Corporation	125,275,567	56,832,558	15,114,270
British Columbia Cellulose Company		2	
British Columbia Development Corporation		75,468,300	
British Columbia Ferry Corporation		6,851,185	
British Columbia Food Exhibitions[1]		1	
British Columbia Hydro and Power Authority	391,459,363	8,077,086	
British Columbia Lottery Corporation		13,282,333	
British Columbia Petroleum Corporation			135,904,970
British Columbia Place Ltd.	41,648,186		
British Columbia Railway Company	137,565,320	37,350,601	
British Columbia Steamship Company (1975) Ltd.		5	
British Columbia Transit	376,748,732	55,000,000	
Expo 86 Corporation	203,271,099		
Housing Corporation of British Columbia		1	
Pacific Coach Lines Ltd.		2	
Provincial Rental Housing Corporation		27,280,741	
University of British Columbia	11,343,343		
W.L.C. Developments Ltd.		1	
Workers' Compensation Board			1,502,000
Capital Projects Certificates of Approval	10,818,706		
	1,301,430,316	280,142,816	152,521,240
Less: Sinking Fund Installments	2,401,920	—	—
Total, Crown Corporations and Agencies	1,299,028,396	280,142,816	152,521,240

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[1] Formerly Surrey Farm Products Investments Ltd.

APPENDIX 8

LIEUTENANT GOVERNOR, EXECUTIVE COUNCIL AND MEMBERS OF THE THIRTY-THIRD LEGISLATIVE ASSEMBLY

LIEUTENANT GOVERNOR
The Honourable Robert Gordon Rogers, K. St. J., LL.D.

EXECUTIVE COUNCIL

Premier and President of the Council	Honourable William R. Bennett, P.C.
Provincial Secretary and Minister of Government Services	Honourable James R. Chabot
Attorney General	Honourable Brian R. D. Smith, Q.C.
Minister of Lands, Parks and Housing	Honourable Anthony J. Brummet
Minister of Finance	Honourable Hugh A. Curtis
Minister of Agriculture and Food	Honourable Harvey W. Schroeder
Minister of Energy, Mines and Petroleum Resources	Honourable C. Stephen Rogers
Minister of Education	Honourable John H. Heinrich
Minister of Labour	Honourable Terence P. Segarty
Minister of International Trade and Investment	Honourable Donald M. Phillips
Minister of Industry and Small Business Development	Honourable Robert H. McClelland
Minister of Municipal Affairs	Honourable William S. Ritchie
Minister of Forests	Honourable Thomas M. Waterland
Minister of Health	Honourable James A. Nielsen
Minister of Human Resources	Honourable Grace M. McCarthy
Minister of Transportation and Highways	Honourable Alexander V. Fraser
Minister of Consumer and Corporate Affairs	Honourable James J. Hewitt
Minister of Universities, Science and Communications	Honourable Patrick L. McGeer
Minister of Environment	Honourable F. C. Austin Pelton
Minister of Tourism	Honourable Claude H. Richmond
Minister of Intergovernmental Relations	Honourable Garde B. Gardom, Q.C.

THIRTY-THIRD LEGISLATIVE ASSEMBLY
(At July 1985)

Government Leader: Honourable William Richards Bennett

Speaker: Honourable K. Walter Davidson

Leader of the Opposition: Robert Evans Skelly

Deputy Speaker: W. Bruce Strachan

Clerk of the Legislative Assembly: Ian M. Horne, Q.C.

Sergeant-at-Arms: R. Nichol (Acting)

Barnes, Emery Oakland	New Democrat	Vancouver Centre
Bennett, Hon. William Richards, P.C.	Social Credit	Okanagan South
Blencoe, Robin	New Democrat	Victoria
Brown, Ms. Rosemary	New Democrat	Burnaby-Edmonds
Brummet, Hon. Anthony J.	Social Credit	North Peace River
Chabot, Hon. James Roland	Social Credit	Columbia River
Cocke, Dennis G.	New Democrat	New Westminster
Curtis, Hon. Hugh Austin	Social Credit	Saanich and the Islands
Dailly, Mrs. Eileen Elizabeth	New Democrat	Burnaby North
D'Arcy, Christopher	New Democrat	Rossland-Trail
Davidson, Hon. K. Walter	Social Credit	Delta
Davis, Hon. John, P.C.	Social Credit	North Vancouver-Seymour
Fraser, Hon. Alexander Vaughan	Social Credit	Cariboo
Fraser, Russell G.	Social Credit	Vancouver South
Gabelmann, Colin Stuart	New Democrat	North Island
Gardom, Hon. Garde Basil, Q.C.	Social Credit	Vancouver-Point Grey
Hanson, Gordon W.	New Democrat	Victoria

Heinrich, Hon. John Herbert	Social Credit	Prince George North
Hewitt, Hon. James J.	Social Credit	Boundary-Similkameen
Howard, Frank	New Democrat	Skeena
Johnston, Mrs. Rita M.	Social Credit	Surrey
Kempf, Jack Joseph	Social Credit	Omineca
Lauk, Gary Vernon	New Democrat	Vancouver Centre
Lea, Graham Richard	United	Prince Rupert
Lockstead, Donald Frederick	New Democrat	Mackenzie
Macdonald, Alexander Barrett, Q.C.	New Democrat	Vancouver East
MacWilliam, Lyle	New Democrat	Okanagan North
McCarthy, Hon. Grace Mary	Social Credit	Vancouver-Little Mountain
McClelland, Hon. Robert H.	Social Credit	Langley
McGeer, Hon. Patrick Lucey	Social Credit	Vancouver-Point Grey
Michael, Clifford C.	Social Credit	Shuswap-Revelstoke
Mitchell, Frank John	New Democrat	Esquimalt-Port Renfrew
Mowat, Douglas L., C.M.	Social Credit	Vancouver-Little Mountain
Nicolson, Lorne	New Democrat	Nelson-Creston
Nielsen, Hon. James Arthur	Social Credit	Richmond
Parks, John M.	Social Credit	Maillardville-Coquitlam
Passarell, Alan Lawrence	New Democrat	Atlin
Pelton, Hon. F. C. Austin	Social Credit	Dewdney
Phillips, Hon. Donald McGray	Social Credit	South Peace River
Ree, Angus	Social Credit	N. Vancouver-Capilano
Reid, William E.	Social Credit	Surrey
Reynolds, John	Social Credit	W. Vancouver-Howe Sound
Richmond, Hon. Claude Harry	Social Credit	Kamloops
Ritchie, Hon. William S.	Social Credit	Central Fraser Valley
Rogers, Hon. C. Stephen	Social Credit	Vancouver South
Rose, Mark W.	New Democrat	Coquitlam-Moody
Sanford, Ms. Karen E.	New Democrat	Comox
Schroeder, Hon. Harvey W.	Social Credit	Chilliwack
Segarty, Hon. Terence P.	Social Credit	Kootenay
Skelly, Robert Evans	New Democrat	Alberni
Smith, Hon. Brian R. D., Q.C.	Social Credit	Oak Bay-Gordon Head
Strachan, William Bruce	Social Credit	Prince George South
Stupich, David Daniel	New Democrat	Nanaimo
Veitch, Elwood	Social Credit	Burnaby-Willingdon
Wallace, Mrs. Barbara B.	New Democrat	Cowichan-Malahat
Waterland, Hon. Thomas Manville	Social Credit	Yale-Lillooet
Williams, Robert A.	New Democrat	Vancouver East

APPENDIX 9

THE MINISTRY OF FINANCE
(At August 1985)

Minister of Finance:
The Honourable Hugh A. Curtis

Deputy Minister: D. L. Emerson

Executive Director: R. A. Messent
Director of Information: C. L. Temple

Administration and Support Services Division
Executive Director: Dennis M. Anholt

Directors:

- W. H. Bell (Personnel Services)
- J. G. Harvey (Information Systems) (Acting)
- A. van Iersel (Financial Services and Administration) (Acting)
- K. J. Weir (Government Agents Branch) (Acting)

The Administration and Support Services Division is responsible for the central administrative functions of the ministry and for provision of certain government-wide services to other ministries and agencies. The 61 government agents located throughout the province (*see* Appendix 10) perform, at the local level, a wide variety of functions related to government administration and revenue collection.

Provincial Treasury
Assistant Deputy Minister: H. G. Ferguson

Directors:

- D. E. Allen (Central Borrowing and Planning)
- D. G. Pearce (Cash Management)
- T. E. Sumner (Registrar, Securities)
- R. W. Vipond (Investments and Administration)

The Provincial Treasury is responsible for managing the financial assets and liabilities of the government. The Treasury assists the Minister of Finance by negotiating and completing capital financing transactions to meet the funding requirements of the government and its corporations amounting to $2.1 billion in 1985/86. The Treasury manages assets valued at $12.2 billion; forecasts, monitors and controls the annual cash flow of the Consolidated Revenue Fund and trusteed funds totalling $70 billion and manages 2,200 government bank accounts.

Revenue Division
Assistant Deputy Minister: P. G. Halkett

Directors:

- A. B. Carver (Income Taxation) (Acting)
- N. Mogensen (Revenue Administration)
- D. J. Sandell (Surveyor of Taxes, Real Property Taxation)
- E. J. Turner (Executive Director, Consumer Taxation)

The Revenue Division is responsible for administering the province's major taxation legislation and collected more than $2.9 billion under 37 statutes in 1984/85. Taxpayer compliance is ensured and revenue maximized through consistent application of divisional programs: vendor education, taxpayer audit and assessment, accounts receivable control and appropriate collections activities.

Treasury Board Staff
Deputy Secretary: D. M. Hyndman

Directors:

- M. Butler (Taxation and Intergovernmental Relations) (Acting)
- A. Eastwood (Financial and Economic Analysis)
- L. T. Foster (Social Policy)
- F. J. Klassen (Government Estimates and Administrative Policy)
- R. I. Krowchuk (Economic Development Policy) (Acting)

Treasury Board Staff is responsible for planning, analysis and policy development with respect to economic, financial and management matters affecting the government and the province. Advice and support is provided to the government in forecasting and strategic planning and in acquisition, allocation and management of resources for the purpose of meeting government priorities.

Office of the Comptroller General

Comptroller General: D. B. Marson
Deputy Comptroller General: K. M. Prowse

Directors:

- A. J. Barnard (Reporting and Analysis) (Acting)
- R. C. Corbeil (Financial Management)
- F. G. Hepburn (Internal Audit)
- A. R. Horner (Financial Disbursement Operations) (Acting)
- M. A. Petrie (Central Accounting) (Acting)
- A. C. Pickering (Government Payroll Office) (Acting)

The Office of the Comptroller General establishes the accounting principles and practices governing the accounts of the province, as well as the financial control and reporting systems in use throughout government. The office maintains the central accounting, reporting and payment systems for the government and prepares the annual Public Accounts and related reports. In addition, the office advises and assists ministries in establishing and improving their accounting and control systems, provides Financial Management Training and provides an internal audit function for the independent review of the effectiveness and efficiency of financial control systems.

Purchasing Commission

Chairman: D. L. Emerson
Chief Executive Officer: C. S. Hutchings

Directors:

- M. Churchill (Materiel Administration) (Acting)
- J. Hopkins (Policy and Administration) (Acting)
- F. Leonard (Procurement) (Acting)
- L. Munro (Office of Public Purchasing Policy) (Acting)

The Purchasing Commission comprises a chairman and two members appointed by the Lieutenant Governor in Council. The Commission ensures equitable public access to its processes for the acquisition of government supplies and selected services. It assists government to gain maximum fiscal benefit from procurement expenditures, Crown assets disposal, and use of resources through efficient materiel management. Through the Public Sector Purchasing Policy the Commission uses public sector procurement of goods and services for the benefit of the provincial economy, where possible, without incurring higher costs. The Commission cooperatively works with government ministries and other public bodies to help meet their operational needs through sound materiel management practices including procurement planning, standards and specifications.

Provincial Capital Commission

Chairman: K. A. S. Hill

Manager:

- L. R. Beres

The Provincial Capital Commission funds and coordinates construction and development work for improvement and beautification projects in the Capital Improvement District usually in cooperation with local municipalities. It also manages a portfolio of "special interest" properties entrusted to it by the province. The commission has a 13-member board which includes 5 seats for the four Greater Victoria core municipalities.

APPENDIX 10

GOVERNMENT AGENCIES (At August 1985)

Government Agency	Telephone	Government Agent
Ashcroft	453-2412	E. J. Johnstone
Atlin	651-7577	P. Welock
Bella Coola	799-5361	J. Foster
Burns Lake	692-7117	J. Mufford
Campbell River	287-7488	B. Ketcham
Cassiar	778-7507	G. Swift
Chetwynd	788-2239	M. Buckna
Chilliwack	792-6962	R. Carmichael
Clinton	459-2268	F. Westergaard
Courtenay	338-5391	D. Roberts
Cranbrook	426-1211	W. Anderson
Creston	428-3211	W. Forrester
Dawson Creek	784-2224	S. Minifie
Duncan	746-6183	A. Milton
Fernie	423-6845	T.B.A.
Fort Nelson	774-6945	C. Hall
Fort St. James	996-7585	S. Lane
Fort St. John	787-3350	J. Frey
Fraser Lake	699-6296	G. Chubak
Ganges	537-5414	B. Campbell
Golden	344-5221	J. Olson
Grand Forks	442-5444	S. Matsuo
Houston	845-2990	C. Berry
Invermere	342-6617	B. Mackenzie
Kamloops	828-4540	W. Poohachoff
Kaslo	353-2219	J. James
Kelowna	762-2600	W. Tozer
Kitimat	632-6188	T.B.A.
Lillooet	256-7548	B. Hall
Mackenzie	997-4270	W. C. Christie
Maple Ridge	467-6901	K. Kelly
Merritt	378-6141	L. P. Lean
Nakusp	265-3646	J. Young
Nanaimo	755-2200	B. W. Hansen
Nelson	354-6104	E. R. McParlon
New Westminster	525-0375	G. S. Townsend
Oliver	498-3818	D. R. Blatchford
100 Mile House	395-4021	J. Dunsmuir
Penticton	493-1719	J. Bodard
Port Alberni	723-3501	G. Mundell
Port Hardy	949-6323	B. Newman
Powell River	485-2815	A. M. LaPointe
Prince George	565-6060	K. Saxby
Prince Rupert	627-0415	L. Finnigan
Princeton	295-6957	L. Marshall
Queen Charlotte City	559-4452	J. McIlveen
Quesnel	992-5591	R. Campbell
Revelstoke	837-7636	J. Torrance
Rossland	362-7324	A. Sherwood
Salmon Arm	832-1611	D. Koskimaki
Sechelt	885-5187	J. Hay
Smithers	847-7211	D. McMillan
Sparwood	425-6363	S. Arola
Squamish	898-9621	P. Lee
Stewart	636-2294	G. Swan
Terrace	638-3200	R. Trombley
Ucluelet	726-7025	G. E. Taron
Valemount	566-4448	J. Mackenzie
Vanderhoof	567-9238	G. Chubak
Vernon	545-2387	N. Schulz
Williams Lake	398-4211	J. Hoem

APPENDIX 11

MUNICIPAL POPULATION, 1981 CENSUS

Cities

Armstrong	2,683
Castlegar	6,902
Colwood	11,415[1]
Courtenay	9,019[1]
Cranbrook	15,915[1]
Dawson Creek	11,373[1]
Duncan	4,228
Enderby	1,816
Fernie	5,444[1]
Fort St. John	13,891[1]
Grand Forks	3,486
Greenwood	856
Kamloops	64,048
Kelowna	59,196
Kimberley	7,375
Langley	15,124
Merritt	6,110
Nanaimo	47,069
Nelson	9,143
New Westminster	38,550
North Vancouver	33,952
Penticton	23,186[1]
Port Alberni	19,894[1]
Port Coquitlam	27,535
Port Moody	14,917
Prince George	67,559
Prince Rupert	16,197
Quesnel	8,240
Revelstoke	9,082[1]
Rossland	3,967
Trail	9,599
Vancouver	414,281
Vernon	20,031[1]
Victoria	64,379
White Rock	13,550
Williams Lake	10,338[1]
	1,090,350

Districts

Abbotsford	12,745
Burnaby	136,494
Campbell River	16,022[1]
Central Saanich	9,890
Chetwynd	2,553[2]
Chilliwack	40,379
Coldstream	6,450[1]
Coquitlam	61,077
Delta	74,692
Elkford	3,126[1]
Esquimalt	15,870
Houston	3,921
Hudson's Hope	1,365
Invermere	1,969[2]
Kent	3,394
Kitimat	12,814
Langley	44,617
Logan Lake	2,637[2]
Mackenzie	5,890
Maple Ridge	32,232
Matsqui	42,001
Metchosin	3,481[1]
Mission	20,056
New Hazelton	712
North Cowichan	18,210
North Saanich	6,117
North Vancouver	65,367
Oak Bay	16,994
Peachland	2,865
Pitt Meadows	6,209
Port Hardy	5,124[1]
Powell River	13,423
Richmond	96,154
Saanich	78,710
Salmon Arm	10,780
Spallumcheen	4,213
Sparwood	4,660[1]
Squamish	10,272
Stewart	1,456
Summerland	7,475
Surrey	147,138
Terrace	10,914
Tofino	1,006[2]
Tumbler Ridge	3,289
Vanderhoof	3,906[1]
West Vancouver	35,728
Whistler	1,370[1]
	1,105,767

Towns

Comox	6,607[1]
Creston	4,190
Gibsons	2,604[1]
Golden	3,476
Hope	3,205
Ladysmith	4,558
Osoyoos	2,747[2]
Parksville	5,299[1]
Port McNeill	2,474
Princeton	3,051
Qualicum Beach	2,844[2]
Sidney	7,946
Smithers	4,570
	53,571

Villages

Alert Bay	626
Ashcroft	2,156[1]
Belcarra	430
Burns Lake	1,777
Cache Creek	1,308
Chase	1,777
Clinton	808
Cumberland	1,964[1]
Fort Nelson	3,724
Fort St. James	2,284
Fraser Lake	1,543[1]
Fruitvale	1,904
Gold River	2,225
Granisle	1,430
Harrison Hot Springs	569
Hazelton	393
Kaslo	854
Keremeos	830
Lake Cowichan	2,443[1]
Lillooet	1,725
Lions Bay	1,078
Lumby	1,266[1]
Lytton	428
McBride	641
Masset	1,569
Midway	633
Montrose	1,229
Nakusp	1,495
New Denver	642
Oliver	1,914[1]
100 Mile House	1,925
Pemberton	287[1]
Port Alice	1,668
Port Clements	382[1]
Port Edward	989
Pouce Coupe	821[1]
Salmo	1,169
Sayward	482
Sechelt	1,096
Silverton	280
Slocan	351
Tahsis	1,739
Taylor	966
Telkwa	840
Ucluelet	1,593
Valemount	1,130
Warfield	1,969
Zeballos	329
	59,681

Summary

Cities	1,090,350
Districts	1,105,767
Towns	53,571
Villages	59,681
	2,309,369

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[1] Minister of Municipal Affairs certification for new incorporation or boundary change subsequent to 1981 census.

[2] Status (category) change without boundary change.

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